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# FINANCIAL TIMES

No. 25,522

Wednesday August 4 1971

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## News Summary

### Labour Wall St. lenial on has big set-back

Labour Party spokesman said last night the Labour Committee for Europe—presidents George Brown, Roy Jenkins and Michael Stewart—“totally misrepresented the situation” in warning pro-Six members of the party to stop making speeches in support of the terms of British entry.

Last night, anti-Marketters at Westminster were surprised, but not surprised, by the Committee's warning, writes John Bourne.

A letter to Committee members organising secretary Bruce Galloway said that following the four Party Ministers' Executive decision to oppose the terms, Party members who publicly attacked official policy (a) proscribed and (b) stifling the anti-Marketters' aim that we are publicly split the Party.

However, the Party spokesman said Party members were free, mainly until the annual conference, to express the views honestly held on the entry terms. They have only been asked not to make personal attacks. Back Page

### Push for détente Europe

Meanwhile, the Party's Foreign Executive is to push for a new “forty” foreign affairs objective—a drive for substantial TO-Warsaw Pact defence cuts. Foreign Secretary James Callaghan said the EEC was racing ahead from its last year's prospects of East-West co-operation. Page 10

### Jumbo bomb alert

BOAC Jumbo jet, 381 aboard, diverted safely at New York after diversion to Denver's mile airport because of a bomb warning. The Jumbo had just left Montreal en route for London when the pilot was told there was a pressure bomb aboard set to explode under 3,100 feet. At over 10,000 feet, a search was made, but nothing was found.

### pollo rest day

15 astronauts rested in orbit yesterday as their spacecraft gathered more scientific data about the moon. They due to blast out of orbit to re-enter earth later today.

### Raise for Forces

Members of all ranks to receive a 7 per cent pay rise effective August 1. However, charges for single men and men are to rise by 5p, and married quarters by 7p. Page 10

### The survivors

Three British climbers were rescued in hospital at Grindelwald, Switzerland, after falling 1,000 feet from the west face of the Eiger mountain. A fourth man was rescued by a helicopter. The men, all in their 20s, were not immediately identified.

### Hateful! hoaxers

Investigating the kidnapper Denise Walker, five months after her disappearance, a man wanted to interview a girl who said she had seen her. She returned an hour later, minus baby. Earlier today, Denise's father confirmed as “hateful” hoaxers who claimed to have taken the girl. Police were investigating her confessions.

### riefly...

Fire facts have been gained on a fire at a garage, but the report on three suspected arsonists is still inconclusive. Page 8

IC advised that people entering France from Spain no longer need to produce a valid cholera vaccination certificate.

British jump jet crashed near Harborough, Northants, killing a pilot—USAF officer serving the RAF.

### Chief price changes

Prices in pence unless otherwise indicated		
Labour Trust	44	+
Insurance	364	+
Oil	191	+
Raw Sugar	255	+
Wheat (J)	148	+
Wheat Holdings	94	+
Wheat Holdings	615	+
Wheat Holdings	218	+

### WALL STREETS

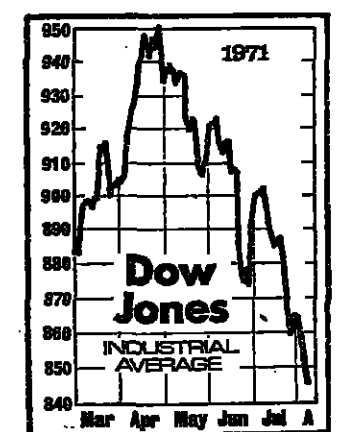
index ended 14.89 down at 850.03, barely above the day's lowest.

● LONDON EQUITIES, helped by the Lockheed loan decision, hardened at first but later tailed off on Wall Street's setback. The London index ended one point down at 396.2.

● ROLLS-ROYCE stocks—and other shares linked with the RB-211 project—gained ground. Rolls 7 1/2 per cent, loan stock rose 9 to 57 (after 59); Joseph Lucas jumped 15p to 272.

● GOLD lost 10c at \$42.35.

● WALL STREET euphoria over the rail and steel settlements was replaced yesterday by fears arising from the inflationary aspect of the pay rises and by added



evidence of this in U.S. Steel's 8 per cent price rises. The Bank of Michigan's prime rate rose from 6 to 6 1/2 per cent, top was unsettling (Page 5). Lockheed's rescue in the Senate had little influence; trading in Lockheed stock was resumed but it closed 3/4 down at 11 after touching 12, against a 1971 high of 15, and one of 73 last year. The Dow Jones index fell of nearly 15 points was the worst for some time.

● THE DEUTSCHE BANK believes the effect of the quasi-revaluation of the D-Mark will be allowed to move to more than 6 per cent soon and that the Bundesbank thinks there is no possibility of a return to the DM3.66 parity with the dollar. Yesterday in Frankfurt the Bundesbank again sold dollars despite the ending of three-month dollar deliveries to it. The sales were made at DM3.4620, a lower rate than on Monday and equal to a revaluation of under 5.8 per cent. Page 7

● BUILDING IMPROVEMENT was further reflected in contractors' order books at the start of July, according to a survey by the National Federation of Building Trades Employers. More member companies—41 per cent—believed their 1971 work undertaken would be greater. Back Page

● THE POST OFFICE GIRO strike involving computer work has ended suddenly with a settlement which, union leaders say, grants virtually in full their claims for 9 per cent and pay scale changes. Computer staff concerned handle telephone accounts, the P.O. payroll and cash flow. Page 15

### Int. Nickel profit falls

● INTERNATIONAL NICKEL of Canada had first-half earnings of \$62.5m, against \$102.4m. in the 1970 half, second-quarter earnings were \$26m. (\$58m.). The quarterly dividend is cut to 25c after two of 40c this year. Page 18

● BRITISH-AMERICAN Tobacco first-half pre-tax profit has risen to £79.5m. (£72.3m.). Turnover, £927m. (£789m.), included £515m. tobacco products. Second interim of 34p makes 71p (same) so far. The year's net profit is not expected to differ greatly from the previous year's. Page 17; Lex

British Sugar Corporation estimates pre-tax profit for the year, the first of the new incentive agreement, at £8.5m. Interim is raised to 4p (3p). Pages 4 and 16; Lex

## Davies pleased with UCS talks despite union walk out

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, August 3.

After nearly four hours of talks on the UCS situation here to-day, Mr. John Davies, Secretary for Trade and Industry, expressed himself well satisfied with the “sensible, competent and practical discussion.” He took a “sheaf of notes,” he told a Press conference, and would consider every suggestion.

Before the meeting at Glasgow City Chambers, Mr. Davies—heavily guarded following the bomb attack on his London home—was subjected to a barrage of boos and shouts from poster-bearing demonstrators at both the airport and outside the chambers. Six shop stewards and other union representatives, disappointed at what they described as a “mere public relations exercise,” left the meeting shortly before it ended.

The meeting itself was attended by almost 50 people representing the Corporation, the Scottish Council (Development and Industry), Glasgow Chamber of Commerce, several local authorities, trade unions and shop stewards. Mr. Gordon Campbell, Secretary of State for Scotland, was also there.

### The purpose

The purpose of the meeting, said Mr. Davies, was twofold: to explain the Government's decision on UCS and the reasons for accepting the advisers' report incorporated in last Thursday's White Paper; and “to listen care-

fully” to people's comments, including the broader issue of Scottish unemployment.

“This is of the profoundest concern to us,” said Mr. Davies. Many of those who attended, particularly on the trade union side, seemed to expect something more, although Mr. Davies had made it clear that he did not arrive with a “pocketful of proposals.”

Mr. Raymond MacDonald, chairman of the Scottish TUC thought “it was the same old story with the same old excuses,” while Mr. James Jack, general secretary, described it as a “rather unproductive meeting.”

While Mr. Davies had said that the Government's decision on UCS was “not immutable,” Mr. Jack thought his mind was made up. He had apparently even hinted that, failing co-operation by the workers, “even the Govan-Lithhouse solution was in danger.”

(The advisers' report suggested a new company based on the Govan-Lithhouse complex, employing about 2,500 workers—rather less than one-third of the present labour force—to be set

up following the winding up of UCS, leaving the Clydebank and Scotstoun yards “to be disposed of.”)

At the Press conference, Mr. Davies confined himself to stressing the need for “concerted action by all concerned” to mitigate the effect of redundancies. Asked about the “work-in” organised by shop stewards in UCS yards, he understood their “initial shock” but hoped that “understanding could be reached.”

### Dissatisfied

Six union representatives went to the extent of showing their dissatisfaction by leaving the meeting about ten minutes before the end.

Mr. James Reid, senior shop steward at Clydebank, described it as a “public relations exercise” and a “waste of time,” and other union officials complained about the lack of consultation. “Nothing the Ministers said gave us any hope that the employment situation in Scotland would improve in the

Continued on Back Page

## Lockheed moves to catch up lost ground on L-1011

BY JOHN GRAHAM, U.S. EDITOR

WASHINGTON, August 3.

THE Lockheed Aircraft Corporation this morning began to move to recover some of the ground lost during the wrangling of the last six months.

Yesterday a senior management team prepared to go to London to complete the agreement with Rolls-Royce (1971) and the company intends to get full production of the L-1011 as soon as possible. The previous agreement was conditional on Lockheed's getting the Congressional loan guarantee approval by August 8.

I understand that while the team is in London the Lockheed executives will continue their search for new orders for the L-1011. High on the list of targets are the inclusive tour operators—companies such as Court Line in the U.K. and Sterling in Denmark—which Lockheed hopes will buy large numbers of L-1011s especially fitted for multi-passenger operations.

The company hopes for a decision by BEA sooner rather than later though it has taken note of BEA's statement that a decision will probably have to wait till next year. During the last months, Lockheed and BEA have been in touch several times.

A company official told me this afternoon that Lockheed will not wait until everything is done with the loan guarantee, signed, sealed and delivered before going on the sales hunt.

The questions which remain unanswered Page 15  
Statement in Commons to-day Back Page  
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“Obviously we will become more aggressive,” he said. “The mere approval in the Senate is enough to ensure that.”

### Pleased note

The White House has not yet said when President Nixon will sign the actual legislation, but the President did issue a pleased note last night and will no doubt sign the loan guarantee into law before the week is out. After that, the company must get confirmations of its orders from its major customers, especially TWA, Eastern and Delta.

Despite Delta's hedge option on some DC-10s earlier this year,

Lockheed expects no more defections.

However, the company still has to negotiate the actual \$250m. from its banking consortium. More assets have to be pledged as collateral and a collateral pool formed, on which the U.S. Treasury will take a priority lien. This process and the completion of arrangements with the British Government and the airlines are expected to take a few weeks.

Despite the approval of the legislation yesterday, Lockheed is in no position to rehire all the 9,000 workers laid off the L-1011 programme this year. The delays on the RB-211 are forcing Lockheed into a more relaxed schedule and this has an obvious competitive disadvantage.

The rival company, McDonnell Douglas, last week delivered its first two DC-10s to airlines, one to United and one to American. The airlines have announced that they will be in service between Los Angeles and Chicago by the middle of the month. The gap between McDonnell Douglas (with the GE engine) and Lockheed (with the Rolls-Royce engine) will thus be more evident than before.

## London firm defends bridge design

BY JOHN HUNT

SIR RALPH FREEMAN, senior partner of Freeman, Fox and Partners, the London firm of design engineers, yesterday strenuously denied any suggestion that the West Gate Bridge at Melbourne, Australia, was not technically sound.

His statement followed publication of the report of the Australian Royal Commission investigating last October's tragedy when the bridge collapsed causing the deaths of 35 men.

The commission says that the London firm was mostly to blame for the collapse and calls the disaster “inexcusable” and “utterly unnecessary.”

It declares that the parties engaged in the design and construction of the steel spans were responsible for “mistakes, miscalculations, errors of judgment, failure of communication and sheer inefficiency.”

“While we have found it neces-

sary to make some criticism of all the other parties, justice to the design team requires that we unequivocally state that the greater part of the blame must be attributed to Freeman Fox and Partners,” the Commissioners state.

Sir Ralph Freeman was in Melbourne yesterday and his statement was issued by the firm's London office. He said: “I believe that Freeman Fox and Partners' design for the West Gate Bridge is technically sound and we strenuously deny any suggestion to the contrary.”

### Regretted

He agreed with the commission's finding that the collapse should never have happened and said that his firm, like others concerned, regretted the tragedy.

Sir Ralph also pointed out that Freeman Fox had a successful 114-year record and had been consulting engineers on Sydney Harbour Bridge, Auckland Harbour Bridge, the Erskine Bridge

in Scotland, and the Severn Bridge.

The commission's report said the design by the firm was in many respects inadequate and that other parties to the contract seemed to have been dazzled by the firm's reputation.

The firm had given assurances on the adequacy of the design which were unsupported by relevant or sufficient calculations. It had also appointed relatively inexperienced engineers, had failed to brief them adequately and had failed to support them with sufficient communication to the London office.

However, the commissioners add that the others concerned in the project must also to a greater or lesser degree take some of the blame.

Meanwhile, the Victorian State Government has announced an independent inquiry into the design of the bridge. Acting State Premier Rupert Hamer said the inquiry would deter-

## Strike threat to State steel

By Michael Hand, Labour Correspondent

THE nationalised steel industry is threatened again with another crippling strike by blastfurnacemen at a time when it is already losing some £2m. a week.

The national executive of the blastfurnacemen's union yesterday warned the British Steel Corporation that it will call its 15,000 members in the national steelworks out on strike from Sunday, September 5, unless they get an improved pay offer.

When they stopped work for four days in June over the same pay dispute, steel production was quickly cut by half, many thousands of workers were laid off and the direct cost to the corporation was £7m.

### Ultimatum

On that occasion they gave only one week's notice of the strike, although three weeks is the accepted period. This time, however, there will be a period of nearly five weeks in which negotiations to end the strike could take place.

But Mr. Hector Smith, general secretary of the National Union of Blastfurnacemen, said after yesterday's unanimous decision by his executive, that it would not start new talks unless it was assured it would get a better offer.

A BSC spokesman said last night: “It is a matter of great regret to the corporation that after a series of negotiations, the NUB should take this decision.”

The pay offer now being rejected by the blastfurnacemen has been accepted by unions representing more than 100,000 other manual workers in the industry. This would give day workers on a 40-hour week an additional 60p in their pay packets. Men qualifying for premium payments could earn up to £2.05 extra under the 6.6 per cent offer.

### Rejected

This was rejected by the blastfurnacemen at their annual conference last month. Originally they demanded a 35 per cent increase but they have since modified the offer to 25 per cent. Between the two sides is now small in money terms. The NUB is at present asking for an across-the-board increase of £2 a week and an extra 65p in premium payments. But it seems unlikely that the BSC will be prepared to meet the blastfurnacemen's big increases than those accepted by all the other unions. These were based on the rise in the cost-of-living and were negotiated well before the existing pay agreements were due to expire.

Mr. Smith commented: “We have been open in order to get a satisfactory agreement for our members, but the Steel Corporation just would not move.”

The BSC is taking the NUB's threat seriously and immediately it was given notice of the strike it cancelled plans to re-light a blastfurnace at Bilston (Staffs), a plant in its special steels division, following re-lighting. This was because of the risk that it would only have to be damped down again in the event of a strike.

## Biggest rise in U.K. reserves for five years

BY MICHAEL BLANDEN

THE U.K.'s official reserves rose by another £106m. in July to reach a new peak of £1,613m. This is the tenth successive month in which the strength of the pound and the U.K. balance of payments has brought an increase in the reserves.

In dollar terms, it brings the total reserves at \$3,870m. to a new high for the first time in

Sterling started the month at around the \$2.41 level or a little above, and though it came back a little, stayed high and ended the month still at \$2.41. Yesterday sterling was again a little softer against the dollar, closing at \$2.41.2.

### IMF debt

The strength of sterling, and the surprisingly large inflow of reserves, has reflected the continued current balance of payments surplus, and the confidence this has engendered. With interest rates still tending to be slightly in London's favour, the flow of short-term funds has persisted, though at lower levels than in the early part of the year.

The U.K. also benefited from further drawings on sterling by other members of the International Monetary Fund to the tune of \$5m. or just over £2m. This brought the U.K.'s total outstanding debt to the IMF down to \$72m., the Chancellor has already announced in his mini-Budget statement last month that the Government is to repay £250m. of these debts during this month.

Editorial Comment Page 14

### PM to discuss North-West's problems

By Our Industrial Correspondent

THE Prime Minister has agreed to meet representatives of the North-West Industrial Development Association to discuss the unemployment situation in the region and other major problems affecting industrial development and the environment.

Mr. Heath has told the Association that he will be glad to meet it when he is next in the area. No date has been given, but the Association is hoping for an early get-together.

### £'s position

The major feature of much of the month was the weakness of the dollar, particularly against European currencies such as the Deutsche Mark and the French franc. The pound has remained rather on the sidelines of the main speculative movements, but has continued to be strong against the dollar without pressing right against its exchange rate ceiling.

## ON OTHER PAGES

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## NEW ZEALAND

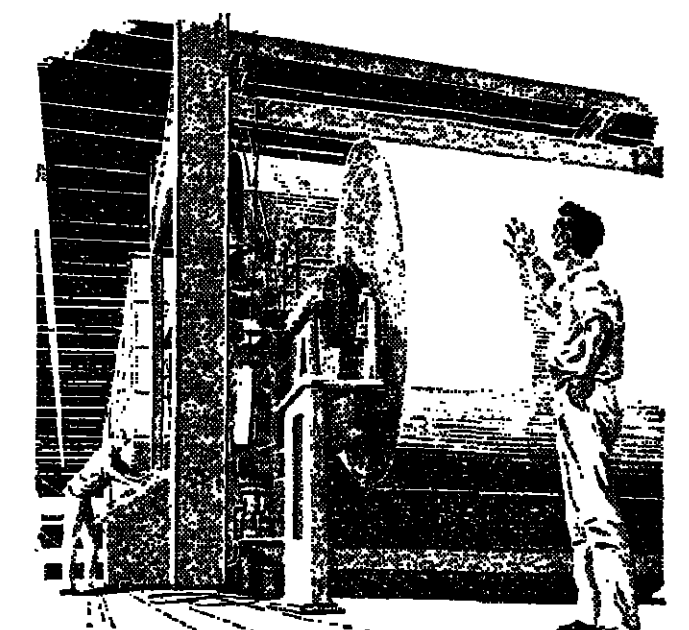
The pattern changes

“Timber, one of the fastest-growing industries... Export earnings doubled in the past two years...”

The expansion of the forest industries has been outstanding. Paper, pulp and kraft board as well as sawn timber are exported in ever-increasing quantities.

This is New Zealand's news today. Food bowl of the Pacific, but expecting also a 174% increase in the export of forest products well within the next ten years. And we are there, intimately involved in the daily changing pattern of it all. Well placed to help you with your export or investment problem. Contact us when you need us. Meanwhile, why not study a copy of the latest edition of our “Review of the Economic Situation in New Zealand” or our booklet “Investing in New Zealand”? They are yours for the asking.

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Farming  
and Raw  
MaterialsSkim milk  
guarantee  
to end

THE MILK Marketing Board has decided to end the existing guarantee of supply of liquid skim milk to stock farmers (mainly pig-producers) from March 31 next year.

Explaining its decision, the Board said that the world market for skim-milk powder had had the effect of rapidly increasing the value of skim milk in all outlets except stock-feeding.

The current price charged to creameries for skim milk going to stockfeeding is 1.375p a gallon, compared with skim milk for spray powder production realising between 4.5p and 5p a gallon.

The Board's original guarantee of supplies for feeding stock was made in October 1965, and has subsequently been extended from time to time.

The guarantee was needed by stock-feeders to make it worth their while installing the special feeding equipment required for feeding milk to animals. At times, it involved the Board in reconstituting skim powder. But during the years of surplus conditions in the dairy industry, this was nevertheless considered a useful outlet.

Uganda bid to  
double cotton  
production

By Our Own Correspondent

KAMPALA, Aug. 3. A DRIVE to double cotton production next year, with a target of 1m. bales, has been launched here by the Uganda Government.

Farmers have been urged to plant more cotton and tend it better. Extra supplies of seed are being distributed to them.

The 1970-71 crop produced about 430,000 bales, reaching a record 465,000 bales the previous season.

Experts here say production of 1m. bales is technically feasible but they doubt whether it will be achieved as thousands of small farmers would be required to increase their individual output.

Weather conditions are also crucial. If favourable conditions occur throughout the growing and harvesting season this would boost output considerably.

Sweeping reforms plan for  
Australian wool industry

BY MICHAEL SOUTHERN, AUSTRALIAN EDITOR

THE AUSTRALIAN Wool Board to-day released details of its plans for sweeping reforms for the wool industry this year and next. The Board's new policy statement, issued by its chairman Sir William Gunn, proposes that the Wool Commission should acquire the whole of the Australian clip to allow for more efficient marketing. It also proposes:

An additional \$44m. be made available to the International Wool Secretariat this year, with an extra \$44m. next year to help stimulate demand for wool by increased promotional activities.

That the Rural Reconstruction Board help farmers who are viable at 35 cents a pound, and give three months of financial assistance to a grant of \$3,000 instead of a loan of \$1,000, put them on the list for a housing commission home and provide a retraining scheme.

The Commonwealth Development Bank become a Commonwealth rural bank to make long term loans to rural producers, and the banks and pastoral houses agree to continue to lend to the rural sector.

On rural debt, the Board says

There are no controls on the quantity of wool produced.

That every effort be made to have the tariff on greasy wool imported into the U.S. lifted.

The Board said it was reasonably confident that there would be an improvement in wool prices in the foreseeable future. The industry should look on 30 cents a lb as the low point, not a permanent price. After discussing the world recession in the textiles industry, it said that there will not be a complete recovery until the U.S. economy is strong again.

Boosting demand

It could not advocate too strongly the need for steps to be taken to increase the demand for wool. Unless there was a strong demand, all other policies advocated would have their effectiveness reduced.

The statement added that it was neither practical nor desirable to control the production of wool. Some growers who were profitable at one level would fail at another. Also, it was not possible to control world production.

On rural debt, the Board says

There were many unsecured creditors and any move to collect would force all financial institutions to move, and this could bring about an immediate collapse of the whole rural sector.

Sir William said that the policy drew together most of the proposals discussed over the last year. A "total approach" was needed. On acquisition of the wool clip, Sir William repeated that there were European institutions prepared to loan the money. In all, the proposals require capital of some \$435m., most of which would be in loans rather than direct aid or subsidies.

On the increased contributions to the IWS suggested, Sir William said the other members of the Secretariat—New Zealand and South Africa—could probably match Australia's increase proportionately.

However, Reuter reports from Wellington that the chairman of the New Zealand Wool Board, Sir John Acland, said it would be very difficult for the New Zealand wool industry to increase its contribution to the work of the International Wool Secretariat.

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SYDNEY, August 3.

There were many unsecured creditors and any move to collect would force all financial institutions to move, and this could bring about an immediate collapse of the whole rural sector.

Sir William said that the policy drew together most of the proposals discussed over the last year. A "total approach" was needed. On acquisition of the wool clip, Sir William repeated that there were European institutions prepared to loan the money. In all, the proposals require capital of some \$435m., most of which would be in loans rather than direct aid or subsidies.

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On rural debt, the Board says

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That every effort be made to have the tariff on greasy wool imported into the U.S. lifted.

The Board said it was reasonably confident that there would be an improvement in wool prices in the foreseeable future. The industry should look on 30 cents a lb as the low point, not a permanent price. After discussing the world recession in the textiles industry, it said that there will not be a complete recovery until the U.S. economy is strong again.

Boosting demand

It could not advocate too strongly the need for steps to be taken to increase the demand for wool. Unless there was a strong demand, all other policies advocated would have their effectiveness reduced.

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Deep-sea  
fishing  
subsidy up  
Wolfram sinks to  
three-year low

IMPROVEMENTS in the deep-sea fishing operating subsidy were announced yesterday by the Minister of Agriculture and Fisheries, Mr. James Prior.

In a Commons written reply he said it had been decided to improve the operating subsidy by increasing the basic level of operating profits, in the formula by which it was calculated, from \$4m. to \$4.8m., with a similar increase in the ceiling of profits plus subsidy from \$7m. to \$7.8m.

"The effect of this will be to increase the total amount of subsidy payable to the industry in a 12-month period by \$400,000 up to a maximum amount of subsidy which will remain unchanged at \$4m."

"The method of distribution of the subsidy on the basis of added value will remain unchanged."

"The extra operating costs arising from the implementation of the safety recommendations will be treated in the same way as other operating costs, so that, under the subsidy arrangements, these extra costs will be borne by the Government and industry in equal shares."

"Additional capital expenditure for new vessels or improvement of existing vessels resulting from the recommendations will be eligible for the 25 per cent. grants available from the White Fish Authority."

The Government will meet the full cost of liability for the full cost of the "support" ship.

Record British  
grain crop  
predicted

A RECORD HARVEST of more than 14,000,000 tons of grain from Britain's farms was forecast by a leading expert in the cereal seed trade yesterday.

Mr. John Powling, managing director of Farm Seeds, said: "With three weeks of fine weather from now we shall have a record harvest this year in spite of losses from diseases."

Heavy rain yesterday held up the start of the harvest, but unless it continues for a week or more it is not likely to affect the crops. The straw is already stiff and could stand up to anything but an exceptional storm.

A big harvest could result in low prices for the grain and this could mean the Government would be faced with a heavy bill in subsidy deficiency payments. But at the same time, costs of livestock and poultry production would be cut through cheaper animal feeding stuffs being available.

Mr. Powling said that the

Wheat, Canadian Manitoba No. 3, Sept. 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225



American News

Problems of new U.S. two-China policy

WASHINGTON, August 3. THE UNITED STATES will continue to support the United Nations position on the admission of Peking to the United Nations, Secretary of State William P. Rogers said yesterday. He said the Administration will oppose any action to expel Peking or deprive it of its UN seat.

An Albanian resolution to admit Peking has called for Peking's expulsion. Meanwhile, observers in Hong Kong said Peking is unlikely to accept the view that it alone is not entitled to represent the Chinese people at the United Nations.

There has been no direct comment yet by the Chinese People's Republic on the U.S. policy, but Prime Minister Chou En-lai has frequently rejected any such "two-China" policy. Peking reaffirmed its position in a statement last night.

Nationalist China is also opposed to the "two-China" concept now espoused by the U.S. All indications here are that both sides will hold fast to their positions as voting pressure builds up.

At the last General Assembly session, 85 countries voted for a resolution ruling that the U.S. on China representation was "an important question" requiring a two-thirds majority for any substantive change. Fifty-two countries voted against and seven abstained.

While Australia today announced its support for the U.S. position, the attitude of other countries is in doubt. Four countries which had voted for the important question resolution and one which had abstained have opened diplomatic relations with Peking—Austria, Canada, Italy, Sierra Leone, and Sweden.

Turkey, which voted for the resolution, is involved in negotiations over diplomatic relations with Peking and Mauritania, which has recognised Peking without opening formal diplomatic links.

Question marks probably hang over the attitude of Bolivia, Ecuador and Malta, who voted for the "important question" resolution.

Western diplomatic observers believe that Taiwan faces an alternative of insisting on its status and going down to a tactical defeat, or unilaterally flagging out of the U.N. (Reuters Editorial Comment, Page 14)

NYSE announces loss of \$8.9m. in first half year

BY JUREK MARTIN

STILL suffering from the hang-over of the liquidations of a number of brokerage houses in the past two years, the New York Stock Exchange has announced that it incurred a loss of \$8.9m. in the first half of this year.

The NYSE's operating profit in the first six months actually came to \$9.8m. on revenues of \$43.9m. but this was more than offset by the \$18.7m. spent to take care of insolvent brokers. These bankruptcies all occurred before the start of this year: since January 1, the prime trouble for protecting the public against such liquidations has been assumed by the Securities Investor Protection Corporation, the joint industry-Government concern established by act of Congress.

Market Report

The brokerage problems of last year meant that the NYSE took a loss of \$12.7m. the first deficit in more than a decade. The loss in the current first half is evidence that it has proved impossible to take care of these bankruptcies as clinically as had been hoped.

However burdensome these bankruptcies may be, they are not the major preoccupation at the New York Stock Exchange (and all other national stock exchanges) at the moment. That honour belongs solely to the

keenly awaited report of Mr. William McChesney Martin, the former head of the Federal Reserve, on the structure and practice of America's securities markets.

The Martin report, which runs to over 18 pages, according to informed sources, is due for formal release sometime this week. Speculation on its contents, much of it well-founded since Mr. Martin has been talking to just about everyone in the securities business, is rife in Wall Street. The report and in the other regional exchanges.

The report's key recommendations are likely to include:

1—That there should be a loose merger between all the New York and regional exchanges, all booked in electronically, but the individual exchanges should retain their identity and their individual standards governing such matters as stock listings and members' capital requirements.

2—That restrictions on institutional membership should remain. This would tend to circumscribe the freedom of individual exchanges, since two exchanges, the Philadelphia-Baltimore-Washington and the Pacific Coast currently permit some form of institutional membership. The report would also require institutions with broker age subsidiaries and brokers with

NEW YORK, August 3.

mutual fund operations to divest themselves of these activities (though brokers would be able to continue other types of investment advisory accounts such as pension funds).

3—That the concept of fixed minimum commissions should be retained: negotiated rates are now in force for orders of over \$500,000, and there is pressure to extend this down the dollar scale. The report has apparently concluded that many brokers would be driven out of business if negotiated rates were the norm.

4—That the NYSE's Board of Governors should be radically changed from the present 33-man Board (29 of whom are brokers) to a 21-man Board made up of the full-time paid chairman, 10 from the brokerage community and 10 from the investing public (including officials of listed corporations). The intention is to end the "clubby" atmosphere that the NYSE is often criticised for and to make the NYSE an institutional model for the other exchanges, the control of most of which still lies with brokers.

These are just some of the subjects tackled by the Martin Report, and it is still unclear which Mr. Martin considers to be of the greatest importance. That will be known sometime later this week.

Canada to curb foreign control

BY OUR OWN CORRESPONDENT

CANADA'S Joint Securities Industry Committee, composed of senior people from the exchanges and the Investment Dealers Association of Canada, has come up with a policy to deal with foreign control and Canadian access to capital which is tougher than the Moore Report of last year in some respects and easier in others.

The Joint Committee, seeking a consensus on the Moore Report findings on the basic problems of the industry, urges that foreign-owned securities firms must become Canadianised fully within 18 years if they are to be allowed to grow on an agreed formula.

If they do not want to become Canadianised, their growth will be held back under a formula of capital restriction. But foreign securities firms and approved investors will still be able to own interests in Canadian firms within strict limits.

The Joint Industry Committee set its policy in the same framework as the Moore Report: that it represents a key sector of the economy such as banking and insurance, that it should be an industry fully controlled by Canadians within 18 years, and that foreign investment in a Canadian securities firm should not total more than 25 per cent. with not more than 10 per cent. from any single foreign unrelated source.

This means that the operations of Merrill Lynch Pierce Fenner and Smith, the world's largest security dealer, would ultimately have to conform to 10 per cent. ownership by the

U.S. parent—though there could be a 10 per cent. interest in the Canadian firm held by a securities company of another country and another 5 per cent. by one of still another country.

Until 1968 a foreign securities firm can have a greater than 10 per cent. interest in a Canadian firm but not exceeding 25 per cent. of the equity. A foreign controlled firm must set up a Canadian company to take over its Canadian operations by March, 1972, so that supervision can be maintained.

To be free to grow, a foreign-controlled firm would have to increase its Canadian ownership to 15 per cent. by 1974, 30 per cent. by 1977, 45 per cent. by

MONTREAL, August 3.

1980, 60 per cent. by 1983 and 75 per cent. by 1988. A further 15 per cent. would have to be held by Canadians or other foreigners not related by 1989.

A company conforming to Canadianisation could increase its capital by retaining in its Canadian operation earnings of 40,000 paid speaking engagements in New York City and some 30,000 in Chicago.

The lecture business has exploded into a multi-million dollar industry. Estimates of the annual turnover range from a conserva-

General rise of U.S. prime rates expected

BY JUREK MARTIN

NEW YORK, August 3.

THE DECISION yesterday of the Michigan Bank, a \$700m. Detroit institution, to increase its prime rate to 6 1/2 per cent. from 6 per cent. produced little visible reaction in the major money centres of New York and Chicago today, though it did contribute to a sharp decline on the stock market. But although nobody followed the Michigan Bank's lead, the feeling here was that the trend in interest rates was such that a higher prime rate would become general if not this

month then sometime in September.

The Michigan Bank was at pains to stress that its decision was purely based on local conditions, said this morning that it was studying the rate change with considerable interest.

The New York banks tended to be more sceptical, but they, too, are conscious of the pressure of money market rates. Chase Manhattan, for example, has posted a rate of 6 1/2 per cent. on its one year CDs, up from 6 1/4 per cent. last week. On the other hand, Treasury bill rates fell quite markedly at yesterday's auction, indicating that the spread between the bank cost of raising and lending funds is not in the process of narrowing. The New York banks will probably be content to hold the fort for relative business calm of August.

PUBLIC SPEAKING IN THE U.S.

The platform is booming

BY SARAH RIDDELL

TO-DAY the International Platform Association, America's oldest society of public speakers, pays tribute to "the greatest orator of the 20th century," Winston Churchill. At a ceremony at Chartwell, a delegation led by Dr. Glen Seaborg, chairman of the U.S. Atomic Energy Commission, will present a bust of the statesman in appreciation of his gifts and inspiration as a public speaker. The gesture is appropriate since Churchill himself was a member of the IPA and in 1900, in order to establish his financial independence at the start of his political career, made a lecture tour of the United States. At the end of five months on the road in America, Canada and England he had amassed the extraordinary sum of £10,000.

There is a long tradition of lecturing for profit in the United States, and the English have always taken their share of the cake. Since Dickens and Thackeray, who came to America in the 19th century to repair their fortunes on the public platform, there has been a steady flow of speakers across the Atlantic. Some have been equally notable as orators and many, as suggested by Dylan Thomas, with "elephantiasis of the reputation—huge trunks and tiny minds." All have come, and continued to come by the hundreds, to tap this rich vein of American life.

Typical of the older-established agencies are Colston Leigh and Harry Walker Inc. Mr. Leigh has been in the business for 45 years and now has over 150 speakers under contract. In the past they have included such names as Harold Nielsen, E. Sackville West and Duff Cooper. Today they include Art Buchwald, Lord Harelech, Barbara Castle and Clare Booth Luce. Although Mr. Leigh declines to give an exact figure, he says that the firm grosses "a couple of million dollars a year."

Mr. Walker describes his business as "highly selective." He has about 150 speakers under exclusive contract and reels off a list of household names, among them members of the Washington establishment including politicians, General Maxwell Taylor, Dr. Werner von Braun and many news commentators. On average he does about \$2m. worth of business a year. He is sceptical of some of the newer agencies—"from listening to them people get the impression we are all just a bunch of wheeler-dealers." He stresses that he only handles the highest calibre speakers, leaving "phonies and heroes of the pop culture to others."

Representing the new style of lecture agent is Mr. Robert Walker, Harry's nephew. He began in his uncle's firm but walked out with a new story goes, much of his uncle's business. Seven years ago, at the age of 28, he started the American Program Bureau in Boston. The firm, which began on a shoe-string and is now the

largest and only publicly-owned bureau, last year made bookings totalling \$4m. "It's a real Cinderella story," he says. "Sometimes I have to pinch myself to believe it."

His success is built on the education market, nearly 90 per cent of his business comes from schools and colleges. Mr. Walker does not wait for the ideas to come from the students, he creates the ideas for them. He was the first to bring them the radical, hip and black speaker—Dick Gregory, Stokely Carmichael, Timothy Leary, Abbie Hoffman, Benjamin Spock and Ralph Nader are all on his list. Recently he brought over Bernadette Devlin and organised for her 40 speaking dates in 21 days at an average of \$2,500 for each lecture. Last month he publicly offered Vice President Spiro Agnew a year's lecture tour for \$500,000.

The market is changing rapidly. As late as the 1930s audiences were still flocking to Chautauquas, that is travelling circuses of speakers bringing "culture" to small towns across the country. Many of today's lecture agents began as managers of these shows. Until recently local Dining Clubs, Rotary and Kiwanis, and other Women's Clubs were the largest clients for the business. Today their budgets do not stretch to the big-time speakers. Today's biggest spenders on live entertainment are colleges and industry.

Air-travel has enabled many more people to accept speaking engagements without total disruption of their working lives. In fact, lecturing is often called the "world's greatest moonlighting profession." For most speakers it is an extra curricula activity; after all it is only after a person has made a name for himself that he can draw lecture audiences. However, by careful public relations, even a modest hum-drum experience can form the basis of a lecture tour. The trade magazine, Talent, has advertisements for speakers who "combine extensive travels, prominent acquaintances and well-rounded

Agencies

Today the platform is booming. Television and the revolution in communications, far from dampening the demand for the live speaker, have actually whetted the appetite for a face-to-face confrontation with the famous. Every year thousands of speakers lecture on every topic under the sun before ever-growing audiences. Mr. Tyler Moore, Director General of the IPA, calculated that in a single week there were no fewer than 40,000 paid speaking engagements in New York City and some 30,000 in Chicago.

The lecture business has exploded into a multi-million dollar industry. Estimates of the annual turnover range from a conserva-

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Pulp mill plan dropped

BY OUR OWN CORRESPONDENT

MONTREAL, August 3.

SASKATCHEWAN Premier Allan Blakeney's government will not proceed with the controversial \$C117m. Athabasca pulp mill project. The Government has told Parsons and Whittemore, of New York, that it wants immediate steps taken to determine expenditures of obligations incurred so far. The project was negotiated by the former Liberal administration. Swept to power in June, Mr. Blakeney had promised that the agreement on the mill would be re-

negotiated, and he said that unless the mill issue can be settled satisfactorily at a reasonable early date, the Government will introduce special legislation. Athabasca Forest Industries, the company set up to build the mill, has issued debentures which are guaranteed by the province. Athabasca can redeem the debentures at par if the proceeds have not been drawn from the project fund but since the province will not proceed, no funds will be paid out.

Chile copper strike

SANTIAGO, August 3.

TWO CHILEAN Cabinet Ministers yesterday flew to the Big El Salvador copper mine hoping to settle a dispute over a new labour contract which has brought 4,600 workers out on indefinite strike.

El Salvador and its associated plant have been paralysed since Saturday night, after the workers rejected a 32 per cent. pay rise.

This is the first strike in a major Chilean copper mine since the industry was nationalised by

the Government of Marxist President Salvador Allende last month. The Ministers who flew to El Salvador, 780 miles north of Santiago, were Mines Minister Sr. Orlando Cantuarias and Labour Minister Sr. Jose Oyarte.

El Salvador has a daily copper output of some 600 tons. The strike is costing the State about \$25,000 a day, observers estimated. (Reuters)

UNITED TRANSPORT CO LTD

A Record Year

The following are salient points from the statement of Mr. D. Lloyd Jones, Chairman and Chief Executive, for the year ended 31st December, 1970.

**Results**  
Group Profit before tax was £6,217,000 compared with £5,152,000 in 1969, an increase of 20%.

A Final Dividend of 17% is proposed, making a total of 24% for the year compared with 22% in the previous year.

**Home Interests—Industrial**  
Although the Dendix Brush Group increased its profitability, Duramin again suffered a loss as a result of the heavy development costs in the production of the new type containers.

In January 1971 a fire destroyed one of the main Duramin buildings and its contents comprising the principal material stores, machine shop and auxiliary manufacturing sections. As a result, contracts had to be renegotiated involving a reduction of container orders and revised delivery schedules related to the reduced scale of production.

**Home Interests—Transport**  
Both revenue and profitability improved which is a justification of the continuing policy of spending large amounts on modernising the fleets and depots.

With a prospect of useful economies, Jameson's transport activities in the U.K. are being merged with those of Smith of Meddison.

Jameson's (Europe) will continue to operate continental services and will be based at Southampton.

Keith & Boyle again achieved a record profit, all sections of the business being profitable.

United Transport Overseas Limited

This Group had a most successful year. The successor Government in Uganda has repealed the legislation to acquire compulsorily part of our transport interests in that country.

Protracted negotiations have taken place in Zambia in the matter of compensation for the compulsory acquisition of our freight and passenger interests in Zambia. It is expected that these will soon form the subject of a formal agreement.

In accordance with the wishes of the Government of Kenya a further 26% of the shares of East Africa Road Services were sold by means of a public issue in Nairobi. The issue was substantially oversubscribed.

Negotiations are proceeding with the Mombasa City Council for the sale to the Municipality of one third of the shares in Kenya Bus Services (Mombasa).

In Australia profitability improved and we are now going through a period of consolidation.

In Europe our activities showed some decline although there are already signs of an improvement this year. These activities combined with the U.K. companies' continental operations form a solid base to enable us to take advantage of the increased demand for transport to and from the E.E.C.

Current Prospects

If the present trend continues the U.K. profits for 1971 will show some improvement over the 1970 results, but the overseas profits are likely to show some reduction, partly due to the loss of income from Zambia and Tanzania. Taking both together I anticipate that the profits attributable to this company in 1971 will not be less than those in 1970.

Five year record of progress

	1970	1969	1968	1967	1966
Group Profit before Taxation	£'000 6,217	£'000 5,152	£'000 4,829	£'000 3,711	£'000 4,032
Group Profit after Taxation	3,668	2,823	2,738	2,103	2,558
Profit after tax attributable to U.T.C. Shareholders	1,889	1,612	1,532	1,183	1,509
Dividends (Gross)	781	716	716	581	651
Cash Flow (Retained Profits, plus Depreciation)	6,988	6,317	6,238	3,664	3,887

United Transport Company Limited, Mounton Chambers, Chestow, Mon. NP6 5XB

Start soon on \$C165m. pulp mill

By Our Own Correspondent

MONTREAL, August 3.

CONSTRUCTION will start shortly on the \$C165m. dissolving pulp mill of ITT-Rayonier at Port Cartier, the iron ore and grain shipping port just west of the St. Lawrence. The mill, about 600 miles north-east of Montreal on the North Shore of the St. Lawrence.

This is the first phase of Rayonier's planned \$600m. forest products investment in the area over the next five years. The company has been granted timber concessions over a huge area lying behind Port Cartier. The Quebec Government is making a \$15m. loan for the project, on special terms. The Federal Government is making \$13.5m. in special incentive grants, with commitments to spend another \$7m. on public works and access roads.

The timber limits granted cover an area of 27,000 square miles, or around the size of New Brunswick.

Royalty to the Government is based on an initial 50 cents a cord of wood cut up to a maximum of 2m. cords a year, which is much lower than that ruling in most of the Quebec timberlands.

However, the forest area granted to Rayonier is relatively mature and not of the highest standards. Parts are over-mature. Several new pulp companies have looked at parts of the area and have rejected the timber. Government sources say the royalty agreement provides for higher rates as the forests are exploited.

Production from the new Port Cartier mill is due to start in late 1973. Most of the product will be used in Rayonier's own converting operations. It is a major producer through associates of the ITT group of rayon, synthetic fabrics, cellophane, films, sponges and plastics.



BANQUE DE LA CONSTRUCTION ET DES TRAVAUX PUBLICS

Paris, France

The BANQUE DE LA CONSTRUCTION ET DES TRAVAUX PUBLICS was formed in 1962 by the following leading firms:

- BANQUE NATIONALE DE PARIS
- BANQUE DE L'UNION EUROPEENNE INDUSTRIELLE ET FINANCIERE
- COMPTOIR DES ENTREPRENEURS
- CREDIT LYONNAIS
- SOCIETE DE BANQUE ET DE PARTICIPATIONS
- SOCIETE GENERALE
- UNION DES ASSURANCES DE PARIS
- IMMOBILIERE CONSTRUCTIONS DE PARIS.

The BANQUE DE LA CONSTRUCTION ET DES TRAVAUX PUBLICS is a specialised firm concentrating exclusively on solving all financial problems of construction.

As a specialised Bank, B.C.T. is itself part of a specialised Group, which has dealt in property for fifty years: the IMMOBILIERE CONSTRUCTIONS DE PARIS (I.C.P.) Group which manages more than 50,000 lodgings (apartments) in Paris and its numerous subsidiaries. Amongst others, these include the SOCIETE INTERNATIONALE D'ETUDES ET D'INVESTISSEMENTS IMMOBILIERS in France, which was set up in association with SAMUEL MONTAGU, CREDIT SUISSE and BANCA COMMERCIALE ITALIANA whose aim is to facilitate investments and property transactions in France.

ACTIVITIES

B.C.T.'s activities are threefold:

1. Credits to building and public works firms

These short term credits are granted by B.C.T. firms overall and for the whole amount through a consortium; overall because credit concessions are based on the appreciation of the needs and capacity of the firm; through a consortium in that the B.C.T. associates each credit transaction to the usual banks of the firm.

BALANCE SHEET as at December 31, 1970

LIABILITIES	(in Frs. '000)	ASSETS	(in Frs. '000)
Banks of Issue, Banks and non-banking establishments on the Money Market	32,213	Cash, Banks of Issue, Public Treasury, Giro Accounts	9,946
—Deposit accounts and borrowings	58,455	Banks and non-banking establishments on the Money Market (Current accounts)	92,342
Commercial accounts	155,455	Treasury bonds and Securities received in pledge or bought firm	73,400
—Current accounts	77,997	Credits to customers:	
Private accounts	20,828	—Short Term	76,067
—Current accounts	55,194	—Medium Term	57,622
—Deposit accounts	1,489	—Long Term	78,915
Fixed deposit receipts	5,441	Credits to customers—Debit accounts	38,987
Equalisation accounts, Provisions and Sundry	70,187	Equalisation accounts and sundries	65,776
Sundry creditors	11,296	Sundry debtors	6,159
Market transactions accounts	172	Market transactions accounts	1,384
Reserves	22,491	Investment securities	46,093
Capital	53,000	Fixed Assets	32,519
Balance brought forward	17		
Net Profit	12,965		
	577,230		577,230

CONTINGENT LIABILITIES

(in Frs. '000)	
Securities given in pledge or sold firm	1,915,695
Guarantees on customers' behalf	179,376
Confirmed credits opened	796,863
Other liabilities	342,368



## Export News

### Volumatic seeks mirror distribution

A WORLD-WIDE export marketing group is being set up by the Volumatic Company, of Coventry, in conjunction with Associated Safety Products, of Australia, to organise the sale and distribution of the Volumatic range of convex, wide angle mirrors, which have applications in retail security and industrial safety.

One of the group's first moves will be the formation of a Volumatic subsidiary company at Rose Bay, New South Wales, Australia, followed by the appointment of a network of carefully selected distributors with interests in security and safety in each Australian state and ultimately in most major overseas export markets.

Distributors have already been appointed in Queensland, Australia; Dunvegan, South Africa; California and Rhodesia for the sale of mirrors in these territories.

The operation is being co-ordinated by Mr. William J. Sheehan, managing director of Associated Safety Products, and one time managing director of Securicor (Australia).

The Volumatic Company claims to have pioneered the use of convex wide-angle surveillance mirrors in the U.K. eight years ago.

### British wigs are best

A MEN'S hairpiece company, Gerry Rex, has set up subsidiaries with head offices in Gothenburg and Copenhagen, said a Press announcement yesterday. Between them they will cover the whole of Scandinavia.

Put so baldly, this may not appear a very promising export enterprise. However, the London sales director, Mr. David Press, is reported as saying: "We intend to establish a network of overseas companies in all the affluent European countries, market research having shown us that the male nationals of those countries are prepared to spend on concealing baldness with hairpieces."

Hairpieces make an ideal export. Freight costs and packing are low. The product is labour intensive and the making of hairpieces is a traditional British skill which not all other European countries have."

### £1.4m. bookings at Brotherhood

PETER BROTHERHOOD is to build turbo-generating sets worth over £280,000, for large tankers being built at the Dutch yards of Verolme Dock and Shipbuilding Company and the Netherlands Dock and Shipbuilding Company, for BP Tankers.

The value of export orders for steam turbines won by Brotherhood of Peterborough since the beginning of the year exceeds £1.4m. These contracts have been secured in the face of fierce global competition.

### Trinidad order

PRODRORITE of Wednesbury, Staffs., has won an order worth £11,000 for corrosion resistant cement to be used in the building of power station chimney stacks at a large oil refinery in Trinidad.

### "Jumbo" foam gun on show

A FOAM cannon, able to fire expanded foam a distance of 100 yards at a rate of 12,500 gallons a minute, is the "armament" on a new £70,000 crash tender being demonstrated to U.K. and overseas customers at Stansted airport this week. Visitors are attending from the U.S., Russia, Switzerland and Finland.

Being used in the demonstration is the first tender off the production line, which has been sold to Yugoslav Air Transport. It has been built with an eye on the safety problems created by Jumbo jets.

The 35-ton Pathfinder vehicle, designed and built jointly by the Pyrene Company and Reynolds Boughton Engineering Services, is claimed to be the biggest and most powerful yet built. With a top speed of over 60 mph, it can carry 3,000 gallons of water and 300 gallons of foam additive.

### Sales drive by BSP brings in £84,000 orders

EXPORT orders worth over £84,000 for drilling rigs, spiral weld steel cased pipes, double acting hammers and a diesel hammer, have been received recently by the British Steel Piling Company.

Three contractors in Spain have each ordered a BSP 625 Terradrill. These sales are a direct result of a visit arranged for Spanish contractors to attend two open days held by BSP at Ipswich earlier this year at which the 625 Terradrill was one of the new items of plant introduced to U.K. and overseas customers.

Tecnol of Lisbon, Portugal, has ordered 15,000 feet of spiral weld steel cased pipes which will be used during the reconstruction of a quay wall at Bissau in Portuguese West Africa. This order will be shipped at the end of this month by chartered vessel from Ipswich to Portuguese West Africa.

Five double acting hammers with extracting gear, hoses and spare parts have been ordered by Natida and Masr, Benghazi, Libya, and Tullima Company of Tehran have ordered a diesel hammer.

As part of BSP's continuing drive for export markets, Mr. D. Hemmery, the company's sales director, left this week on a month's visit to the Middle East, India, Singapore, Malaysia, Australia and Japan.

In Australia he will attend the Melbourne Trade Fair at which BSP is exhibiting. Mr. M. J. Cummings, the managing director, is leaving shortly on a visit to America and Japan, where he will be meeting Mr. Hemmery.

### GKN customers charter ship

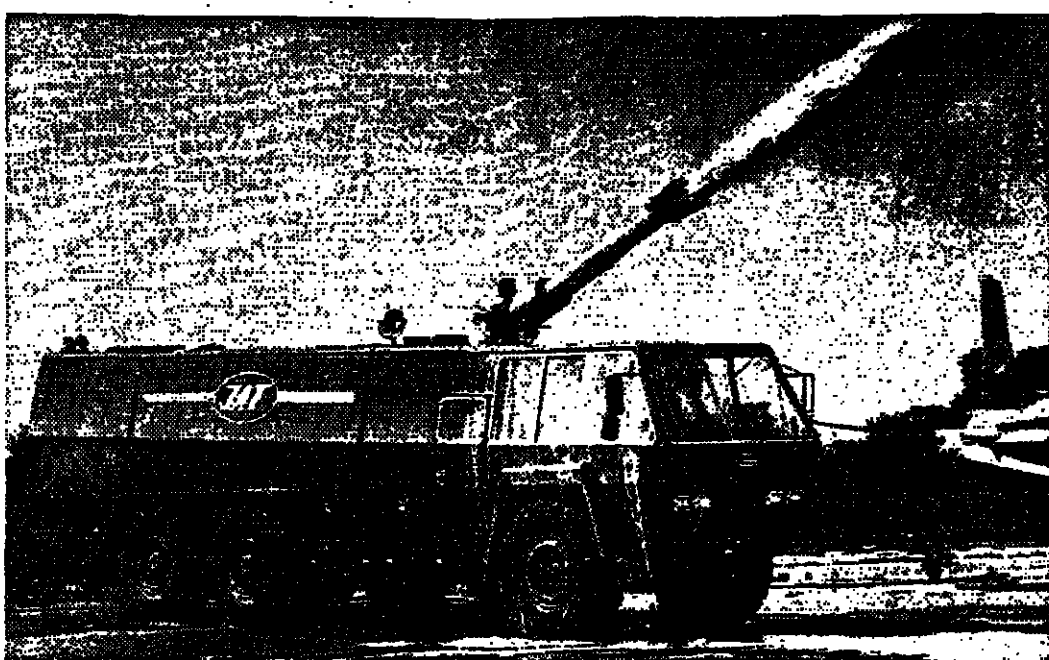
A SPECIAL charter shipment of 3,500 tons of steel sections from a Welsh rolling mill is on its way from Cardiff, bound for customers in the North American market.

The \$500,000 export order, consisting of standard flats and angles produced by GKN (South Wales), is on board the 3,500-ton "Argo Sea," which was specially chartered by GKN customers in the U.S. A GKN spokesman said: "Trans-Atlantic sales are a very important part of our company's export trade, and this year we expect to fulfil orders from the North American market worth more than a million dollars."

### Pye business with Poland

FOLLOWING participation in the Poznan Trade Fair in Poland, Pye Unicam of Cambridge has received export orders worth £45,000 for scientific instruments. Included in the lists of equipment are orders for eight gas chromatographs, instruments of the type that were used by British scientists to analyse moon dust samples.

The rest of the orders, received from the two Government buying agencies, Metronex and Varimex, are for ultra-violet, infra red and atomic absorption spectrophotometers.



## Bahamas staging post for new air-freight service

BY RAY DAFFER

TRANSMERIDIAN Air Cargo, based at Stansted Airport, London, is to inaugurate an all cargo air service between Europe and the Bahamas linking with other distribution networks serving the U.S., South America and the Caribbean.

The first flight is scheduled for August 26. A spokesman for Transmeridian said yesterday that it was planned to provide at least four flights a month to Freeport, Grand Bahama, connecting with a sea feeder service to Miami operated by the "Freeport" roll-on, roll-off and passenger vessel. Onward shipment to other destinations in the U.S. would be provided by either Air Lift International of Miami or by road trailer services.

The spokesman claims that cost savings compared with international Air Transport transatlantic cargo rates varied

from 16 per cent to 35 per cent. It would be higher for return cargo destined for the Middle or Far East, he added.

Mr. T. Keegan, chairman of Transmeridian said yesterday: "We think this new service will not only attract business from companies trading with these areas but will also interest others who may not have used air freight previously because of cost."

Because very little return freight to Europe is generated from the Bahamas the airline has opened an office in Miami and entered into an arrangement with Air Lift International to handle large mineral and oil carriers. He stressed, however, that no development would be allowed to detract from the obvious visual and environmental attractions of the Bahamas, so important for the big tourist trade.

Mr. Bernard added that the deep-water facilities of Freeport also made it an ideal location for handling large mineral and oil carriers. He stressed, however, that no development would be allowed to detract from the obvious visual and environmental attractions of the Bahamas, so important for the big tourist trade.

## Buyers mailed ahead of Cologne menswear fair

FINANCIAL TIMES REPORTER

BRITISH COMPANIES will represent by far the largest group of foreign exhibitors at the important Cologne menswear fair later this month.

Some 43 companies will be there under the sponsorship of the Department of Trade and Industry, and the Clothing Export Council. In addition, 17 members of the British Menswear Guild will be taking part. With fibre producers and other organisations, the British participation is likely to total about 75.

An important part of the British drive has been the distribution in advance of the exhibition—which runs from August 18-22—of 4,000 copies of a joint catalogue in English, German and French on behalf of the 43 companies sponsored by the CEC.

These have been posted mainly to individual retailers and store buyers in 24 countries, but particularly in the Common Market. Half of the cost of the catalogue has been met by the U.K. Government.

"In the past we have concentrated our attention on the U.S., South Africa, and other traditional markets," said Mr. Julian Clifford of the CEC yesterday. "This remains important, but this year I am aiming particularly at the Common Market countries, and I would single out West Germany which has a strong industry of its own. The major cut to crack is to get the German buyers to buy outside their home industry."

"My job has been to get them—and buyers in other countries—to look at our catalogue ahead of the show, to catch their attention and make them realise the effort that British companies are putting into the Cologne Fair this year."

In 1970, the 43 companies backed by the CEC booked orders at Cologne worth £600,000. They have set themselves a target this

year, with the exhibition lasting four days instead of three, of £800,000.

For the first time, the British Menswear Guild and the Clothing Export Council are acting together at Cologne on a number of promotions. For instance, there will be a joint Press conference on August 18, at which the main speakers will be Mr. George Schneiders, chairman of the British Clothing Manufacturers' Federation, and Mr. A. V. Parker, chairman of the British Menswear Guild.

Among the many well-known U.K. brand names at Cologne will be Aquascutum, Banner Textiles, Chester Barrie, Daks Simpson, Mr. Harry, and Tootal.

Exports of men's and boys' clothing to the Common Market countries last year are estimated at something over £3.5m., with West Germany taking more than £1.8m. worth.

### Motor-cycle exports up

WORLD DEMAND for British motor cycles has shown a big surge in the first six months of this year, according to figures issued by the Cycle and Motor Cycle Association yesterday.

Production rose to 57,845—an increase of 30 per cent over the 44,487 in the first six months of 1970.

Export deliveries to docks rose by 32 per cent from 38,812 to 51,388. Of these, 72 per cent were machines in the luxury over 500 cc class.

Home market deliveries also showed a 14 per cent gain, and recent cuts in purchase tax and hire purchase terms are expected to bring further growth in the second half of the year, says the CMA.

The BSA Triumph group, in spite of its earlier production problems, was responsible for no less than 82 per cent of the exports.

### Hi-Flex market deal in U.S.

AGREEMENT has been reached between Sundstrand Corporation of Rockford, Illinois, and Hi-Flex International—the BTR Industries subsidiary—under which Sundstrand will manufacture and sell under licence the complete range of Hi-Flex products in North America and Mexico. The product range will be marketed in those territories under the brand name "Silvoflex."

Hi-Flex International develops and manufactures high-pressure hose assemblies and associated products for the hydraulics and pneumatics industries. Sundstrand Corporation is an international organisation, which manufactures an extensive and highly diversified line of proprietary equipment systems, machinery and components, which are supplied to original equipment manufacturers in the electromechanical, electronic, heat transfer, hydraulic, hydro-mechanical and hydrostatic industries.

### High speed hot water for Shell

M. E. BOILERS of Peterborough, have received a £24,000 order for a high-pressure water heater from Shell Internationale Petroleum Maatschappij, in the Hague, for experimental use on a Dutch magnesium salt recovery project. The water heater will be fired on natural gas.

### GARDENS TO-DAY

## A notable anniversary

BY ROBIN LANE FOX

FOR ME, gardens to-day begin with gardens yesterday as no garden is ever entirely new. I know that I will never see an original garden and I am sure that even if I could, I would dislike it. This is not because my taste is reactionary; the best gardens are different, not "old world," and they pick up themes from the past, developing them in a new way. They do not imitate old ideas irrespective of their setting. Most important of all, plants themselves are a living tradition with which no gardener can ever break; this continuity both in gardens and their contents was brought home by a notable anniversary last week. On July 25, the Oxford Botanic Garden, the oldest in this country, was 350 years old.

Though scientific or medicinal, botanic (and physic) gardens hold a special place in garden history, not only as the earliest of some of our most colourful characters but also as the homes for many of our oldest specimens of shrubs and trees. Inevitably they are torn between botany and gardening but they still have much to teach the inquiring visitor. Their range of plants is always very wide, handily grouped into families; inside their walls, beauty often gets the better of experimental science, helped by history in the background, and nowhere is this more evident than at Oxford. The father of them all, on one side flows the River Thames, on another lies Christ Church Meadow, in front stands the tower of Magdalen College, which King James I described as "the most beautiful building in Oxford." The gardens are open every day, free of charge; do not be deterred by the muddle of box-edged beds with which a 1950's garden designer wrecked the front courtyard and left her own bad taste in one of the finest gardens in Europe.

There is no mistaking the age of the Oxford garden's bones. Its main gate was designed by Inigo Jones, its surrounding wall is 14 feet high and more than five hundred yards long. Both have lively tales to tell. The gate is named after the garden's founder whose bust it contains: he was born in 1588, a raffish gentleman of Yorkshire family named Henry Danvers (later Lord Danby) and though his youthful career was dramatic, involving a flight to France, his alleged connection with Shakespeare's Romeo and Juliet is only evident to A. L. Rowse. In 1621, he leased five acres of ground, which had long been a Jews' cemetery and agreed to pay £2

a year to Magdalen College, its landlords, the agreement to be reviewed but the price not to be altered. His garden now occupies the finest building space in the city and is eyed hungrily and unforgettably for student housing.

By 1633, after four thousand loads of muck and dung had been spread by the university scavengers, the wall round the garden was complete, designed to rival any wall in Oxford. Both for truth and beauty. This certainly does, besides housing a remarkable collection of climbing plants, especially on its warm south and west faces: several rare Jasmines, two fine blue Ceanothus and a full grown Actinidia with its weird multi-coloured leaves are especially worth seeking out.

### A compromise

At more mundane level, the wall protects one side of the garden from river floods. But truth, beauty and protection proves an especially good combination, and largely because of the wall, only £40 a year were left with which to pay for a professor. The Royal gardener, Tradescant, refused, and in desperation, the post was offered to the keeper of the next door inn, a retired German soldier from Brunswick called Jacob Bobart. Many compromise appointments for an academic job have been as strange but none has been more successful.

Bobart was a showman with a sense of style; his appearance was grotesque and he would decorate his beard and all on-gilding whisks with little tags of silver on high days and holidays. He was followed round the University by his pet goat; and outside the garden his workmen were, as usual, outlandish. But he saved his finances and started the garden at one and the same time, planting fruit and vegetables inside its walls and selling their produce to the public, while his son, later his successor, hacked the garden's fruit in London and kept a seed-stall at Carfax, centre of Oxford City, to make ends meet.

Two huge yews still survive where Bobart planted them though the two topiary giants which he placed either side of the main gate and which moved down Magdalen to send him a poem have unfortunately disappeared. But a memento of his immediate successor is still flourishing and of great interest to gardeners: Robert Morrison, appointed in 1679, until his death four years later in a traffic

accident, not only anticipated Sweden's Linnaeus and classified plant families according to their sexuality, but also took a great interest in variegated plants: even breeding a variegated Sycamore. Several beds of unusual variegations are kept in his memory and for gardeners who wish to use these as an fashionable leaves to lichte dark corners, a visit to Oxford would be well worthwhile.

In the eighteenth century, the garden was for long neglected partly due to lack of funds and partly due to the bequest of William Sherard, former consul at Smyrna in Turkey, who left money and a wonderful collection of dried plants but insisted that the next professor should be a botanist interested in the description of mosses. Gardeners' day have little to learn from him alone from his successor who as one of these Fellows of Magdalen whom the historian Gibbon denounced as "deceitful and cunning" enjoyed the title of "Founder," only gave an lecture in his lifetime, and very bad one into the bargain.

His son, James Sibthorp, was far more enterprising and it was he who commissioned one of the garden's glories, the Greek Plan, whose coloured plates have made it one of the most highly prized books for the rich investor. The garden, not the library, he reign marked the beginning, the tree-planting for which the small Oxford garden is now famous.

For however scientific its location, however historical its collection of roses and however its attempts at a ro garden and herbaceous border it is for its trees that our son, Botanic garden deserves to be so prized. The Male Ginkgo, the Tree of Heaven, the Manna Ash, the Prickly Juniper, the Day Redwood, the Chinese Paeony and the venerable kinds Sorbus: these are treasures for any gardener to visit, remembering that it was also in Oxford that the Eastern Plant first married the Western Plant as produced as their son, London plant-tree which Europe now admires. He behind a wall of truth at beauty and a gate of nob design, the continuity of garden is very evident: it was musing that on the garden's birthday. Mr. Harold Macmillan could plant a Scholar Tree at the University's remarkable Professor of Botany could reply to 150 years later, on the 300 anniversary of the site, that at tree would be flourishing a giving of its scholarly best.

## Mechanical engineering 'lack of knowledge' on EEC entry

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

MANY companies in the U.K.'s mechanical engineering industry, which has a turnover of £3,000m. a year, show a disturbing lack of knowledge about the changes which will confront them when Britain enters the Common Market, according to Sir William Strath, president of the British Mechanical Engineering Confederation.

Sir William makes the point in a foreword to a comprehensive study of the implications of EEC membership for the mechanical engineering industry, published by the Journal Engineering on behalf of BRIMEC.

Despite the difficulties, BRIMEC makes it clear that it supports U.K. entry for five main reasons:

1—The vital need for wider markets in the highly industrialised areas of the world, EEC being by far the largest import market for mechanical engineering products as well as the one most easily accessible to the U.K.

2—The lack of any realistic long-term alternative to EEC membership. The European Free Trade Area and closer links with the Commonwealth are not con-

sidered satisfactory substitutes and a North Atlantic Free Trade Area "is a chimera."

3—The sense of taking the plunge rather than waiting, perhaps merely hoping, until our relatively slower growth rate is nearer to that of the Community.

4—The recognition that many of Britain's problems, such as the balance of payments, can only be solved within an international framework.

5—The stimulation which an environment within an enlarged EEC will bring, admittedly with attendant problems.

A knowledge of the facts will ease the solution of these problems, the book says. "Even so, membership will be far from painless, particularly for some of the engineering industries. Individual companies will need

diligently to search out economic data for their particular products and to plan ahead."

The book suggests that the could clear advantages for mechanical engineering industries through entry.

At present U.K. mechanical engineering exports to the are about equal to the exports of the Six to Britain. But in early transitional period U exports to the other nine members of the Community, enl by the admission of the U.K. E Denmark and Norway, could about 20 per cent. more than exports of the nine to Britain maintain.

The total market for mechanical engineering products in the world, he worth nearly £9,000 a year, it estimates.

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## PECHINEY GROUP

Ore, aluminium, copper, ferro-alloys, graphite, special metals and nuclear activities.

### CONSOLIDATED ACCOUNTS

	1969	1970
	(in £ million)	(in £ million)
Sales (excluding value added tax)	552.2	651.7
Cost of sales	57.6	61.5
Net income	29.9	26.9
Net income excluding minority interests	23.4	21.3
Net profit per share (in £)	1.59	1.44
Net assets	227.8	242.6
	(in Frs.)	(in Frs.)
Price range (Paris) High	228	206
Price range (Paris) Low	172	171
Dividend per share	7.0	8.0
Tax credit	3.5	4.0

### INDUSTRIAL ACTIVITIES

In 1970, consolidated production of aluminium by the PECHINEY GROUP totalled 624,400 tons.

The Group continued its investments in the aluminium sector extending existing works and setting up new factories. In France, the programme to modernise and extend the existing works, which was started in 1969, aims to increase production by 40,000 tons/year. In the U.S.A. the Eastalco (Maryland) factory with a capacity of 75,000 tons/year operating in 1970. In Greece, the output of the Saint-Nicolas works was increased at the end of 1970 to 150,000 tons/year, whilst in Spain, Aluminio de Galicia is extending its capacity.

Once these programmes have been carried out, the total consolidated output of the PECHINEY GROUP for virgin aluminium will be approximately 880,000 tons/year. With regard to remelt aluminium the Affimet company was set up in association with Penarroya, and will become the leading European company in this field with an annual output of 70,000 tons in 1971.

When the extension programme of the Gardanne (France), Saint-Nicolas (Greece), Kimbo-Fria (Guinea),

Gladstone (Australia) plants will be completed, the Group's consolidated capacity of alumina will reach approximately 2,000,000 tons/year.

Sales of aluminium by Aluminium Français totalled 563,644 tons, of which 36% was exported. 67% of the total tonnage was delivered to companies within the Group or to affiliated companies.

In the U.S.A., Howmet sold 49,000 tons of aluminium, whilst another 72,000 tons were used in its own processing plants.

In spite of unfavourable conditions during the second half of 1970, tonnage of copper delivered by Trifimetals GP decreased by only 5% compared to 1969 whilst the turnover showed a rise of 11%.

Electrothermic products showed good results: turnover increased by 25% for silicon, ferro-alloys, abrasives, and an appreciable rise was recorded in graphite sales.

The restarting of an important programme for atomic power stations favours the activities of PECHINEY's affiliate company CERCA (Compagnie d'Etudes et de Réalisation de Combustibles Atomiques).

### RESEARCH AND DEVELOPMENT

To maintain the technical standard of the Group, research investments in 1970 for metallurgical activities totalled Frs. 80 million.

Net returns from sales of patents and techniques amounted to Frs. 27.6 million.

### FINANCIAL OPERATIONS

To help finance development abroad, various transactions were carried out including an issue, in December 1970, of a 15 year bond loan for 25 million Eurodollars.

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The merger operation undertaken with Uguine Kuhlmann will result in the setting up of a powerful and diversified industrial complex with a turnover of approx. Frs. 15,000 million, a cash flow of Frs. 1,500 million and a research budget of Frs. 500 million.

The Annual Report may be obtained from PECHINEY, Service de l'Information, 38 Av. Hoche, 75 Paris 8e (France). Tel. 237.84.73.

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## European News

### 6% DM revaluation probable

By Malcolm Rutherford

BONN, August 3. Herr Franz Heinrich Ulrich, spokesman for the Board of Deutsche Bank, has told the press that he and his fellow directors no longer have any doubt that the effect of the quasi-revaluation of the D-Mark will be to move to more than 6 per cent in the near future.

The Bundesbank as a whole, he said, was convinced that there was no possibility of a return to a parity of DM3.36 to the dollar, and though some of its members had firmly believed this could be done when the floating began in May.

Ever since then, while there has been a series of fluctuations, a general trend has been downwards, but the 6 per cent D-Mark revaluation fact has still not quite been accepted. It is generally admitted, however, that the Bundesbank's intervention policy will now be to support the mark at a level of 10 to 15 per cent above the current rate.

Herr Ulrich based his optimism on the view of the economy, the longest boom in Germany's history is now definitely over. It has been replaced by a period of stagnation at a high level, and there need certainly be no fears of a recession this year.

There are signs, of course, of the word "stagflation," Herr Ulrich said that the rise in the cost of living would continue to accelerate and would reach an annual rate of 10 per cent. He also forecast a 1 per cent increase in company profits this year, between 10 and 15 per cent, though there might be some notable exceptions.

Nevertheless, there were some signs that companies may be beginning to overcome the difficulties caused by the recent extension of costs. This view of company recovery has been put in more optimistic terms by Paul Lichtenberg, joint chairman of the Commerzbank, the picture of an economy stagnating at a high level is due out by the latest batch of economic indicators. These show a slight new order in industry in June were down by 1.5 per cent on the previous month, but less than usual at a time of year.

A sharp rise in demand for vital goods, especially from abroad, made up for falls in other sectors.

## Giscard takes new steps to prevent revaluation

BY ADRIAN DICKS

PARIS, August 3.

THE FRENCH Minister of Finance, M. Valéry Giscard d'Estaing, today announced a series of relaxation of exchange control regulations in yet another firm effort to resist pressures to revalue the franc. Only yesterday the authorities acted to limit the inflationary impact of recent strong speculative inflows into Paris on the domestic money supply. They stepped increased levels of compulsory deposits by the banks with the Banque de France.

It is not yet clear what the overall impact of the new dispensations will be. But, in spite of recent trade results showing a considerable slowdown in the rate of growth of exports since last year, the new measures will have the effect of stimulating imports.

Importers are now to be given greater scope for forward buying of foreign currencies as well as for spot purchases, and will also be allowed to put down as much as 30 per cent of the price of imported capital goods instead of 10 per cent as previously. Moreover, French companies will now be able to transfer funds more easily out of the country for direct investment abroad.

On the personal level allowances are to be increased from Frs2,000 a head (£150) to Frs3,500, for an unlimited number of journeys. Personal allowances for business travel are also being increased.

### Residents abroad

In addition, French residents abroad will be able to transfer their capital out of the country after two years, and rules affecting certain other payments such as the upkeep of property abroad will also be relaxed. It is not however clear as yet what the effects will be on portfolio investment abroad.

Following yesterday's increase in compulsory reserve levels and M. Giscard's latest declarations at the end of last week that the franc will not be revalued, exchange dealers here are inclined to take the current firm direction of French monetary policy at face value.

Many now believe the Government has adopted a position against revaluation so strong that it would be impossible to reach any kind of compromise with West Germany, and

certainly not before the latter returns to a fixed parity.

One result of this has been to reduce considerably the flow of speculative funds into Paris. The dollar has in the last day or two been looking very slightly healthier and dealers report that they are experiencing no shortage of francs.

But while the immediate intentions of French policy of weakening the franc's position on the exchanges seem to have been achieved, some market sources are doubtful about the effectiveness of them in the longer-term.

On the one hand it is pointed out that the greater the number of measures that have to be taken, the more the French authorities will unwittingly reinforce the view that the franc is in fact over-valued. On the other hand some people fear that too strict a policy towards the banks could in the long run have the effect of raising interest rates once again to levels high enough to attract fresh short-term inflows.

Reuter adds from Paris: The French franc showed little reaction on the foreign exchange market, latterly being quoted at 5.5142/50 after 5.5153/65 and 5.5155/60 at the end of official dealings.

## Romania's absence shows sharp differences

BY MICHAEL SIMMONS, EAST EUROPEAN CORRESPONDENT

ROMANIA'S exclusion from the East European "summit" held in the Crimea at the beginning of this week has sharply underlined its differences from the other members of the Warsaw Pact in the field of foreign policy.

President Nicolae Ceausescu's absence from a meeting of all East European Party leaders suggests that subjects on which he has an independent way of thinking—namely China and the Middle East—were high on the agenda.

If the meeting was convened hastily by Moscow—even though there is no direct evidence that this was the case—it may well be that the Kremlin feels in danger of being overtaken by events. It is the first time the Party leaders have met since President Nixon announced his intention of going to China.

President Ceausescu's warm reception during his recent visit to Peking is something that the Soviet leaders will have viewed with very mixed feelings. The fact that he may have lent a hand in getting the U.S. President invited there will have angered the Russians considerably.

Moscow sources pointed out yesterday that the communiqué of the Crimea meeting endorsed the strongly anti-Chinese line taken by the international communist "summit" held in Moscow in 1968. This was a line

which President Ceausescu had conspicuously declined to follow.

Common concern was also expressed at this week's meeting on the so-called "lawlessness" in the Sudan. This was certainly not the main subject, however, as the same lawlessness was vigorously condemned by the Romanians themselves last Friday. More likely it touched on the alignments now likely to emerge in the Middle East following the unexpected (to Moscow) counter-coup of President Nimsari.

In Bucharest, some Romanians are pointing out as significant the fact that Mr. Alexei Kosygin, the Soviet Prime Minister, who takes a relatively dovish line with Warsaw Pact members, may get out of step, was not present in the otherwise high-powered Kremlin delegation to the Crimea.

These Romanians are also concerned at the manoeuvres being held this week by Soviet, Hungarian and Czechoslovak troops close to Romania's Western Frontiers. Further manoeuvres are to be held, in Bulgaria in the next week or two, even though Romania is believed to have told the Russians that it will not allow their troops passage across Romanian soil.

## Poland sees threat in larger EEC

By Our Own Correspondent

WARSAW, August 3. POLAND sees Britain's entry into the Common Market as a serious threat to her food exports. The Catholic weekly Tygodnik Powszechny, reviewing the effect Britain's entry is likely to have on trade with Poland, said today this country could expect the external customs barriers of the EEC to cut off about £20m. worth of exports to the United Kingdom each year.

This represents a third of Poland's annual trade with Britain. Hardest hit, the newspaper said, would be Polish ham, bacon and eggs, the mainstay of her food exports. Bacon alone accounts for half of this country's food exports, and the present agreement on bacon exports to the British market expires next year.

In 1970 Poland exported 47,000 tons of bacon to Britain, down by 5,000 tons from the 1965 figure. Exports of eggs stood at 35.5 million, down from 76 million five years before.

On a slightly smaller scale, Polish exports of butter to the United Kingdom, which last year amounted to 12,000 tons, would also be affected.

The Poles have no illusions about the relative importance of this to British economic planners or about their chances of getting a special deal to protect Polish exports. To us, British contacts play an important role. To the British, Warsaw is a rather marginal partner," Tygodnik Powszechny said.

## Dutch to moderate expenditure

By Our Own Correspondent

THE HAGUE, August 3. VERY STRONG measures are needed to reverse excessive consumer investment and Government spending in the Dutch economy. The growth of Government expenditure will have to be moderated, particularly in the near future. At the same time, room will have to be made for urgently needed new facilities by economies in other parts of the budget.

This was the main theme of the statement in the new Dutch Cabinet's policy for the next four years, made by Premier Mr. Barend Biesheuvel when he opened a three-day debate on the Government programme in the Lower House this afternoon.

## ITALIAN ELECTRICAL APPLIANCES

# No longer a status symbol

BY PETER TUMIATI, ROME CORRESPONDENT

THE INFANT PRODIGY of Italy's postwar industrial boom, the electrical household appliance industry, is in the doldrums, like most other Italian industries. The Italian domestic demand for its products has fallen heavily, and in the first half of this year has gone down about 20 to 30 per cent. However, domestic sales account for only about 40 per cent of production with exports accounting for about 60 per cent, and since exports have risen by nearly 10 per cent the industry expects production by the end of the year to be at about the same level as last year.

Less than 20 years ago the Italian electrical household appliance industry did not exist. Enterprises which now have thousands of employees and an annual turnover in sterling with seven and even eight noughts to it, in the early fifties did not exist or were artisan concerns making charcoal cooking ranges for mountain peasant families. According to a recent statement by the President of Italy's biggest manufacturer in the field, Signor Lamberto Mazza of Zanussi, to a standing committee of the Chamber of Deputies Italy produces 48 per cent of Europe's refrigerators, 36.37 per cent of its washing machines, 43 per cent of its dishwashers and 30 per cent of its cooking ranges. The Europe he was referring to included the Common Market nations, those of EFTA and of the rest of Europe.

The aggregate sales of the companies of the sector are available before 1968, the annual rate of increase in the middle fifties and sixties is believed to have been well above the 17 per cent of 1969 on '68.

The difficulties now facing the sector have been caused by a number of factors. First of all the European market is said to be approaching saturation. It is estimated that 84 per cent of Europe's households now have a refrigerator (against 36 per cent, 10 years ago), 66 per cent have a washing machine (31 per cent, 10 years ago) and 83 per cent a modern cooking range. The electrical household appliance is thought to have lost its value as a status symbol. In coming years an ever increasing percentage of sales will be replacement ones. In Italy it is estimated that by 1972 90 per cent of all households will have a refrigerator, 73 per cent a washing machine and 13 per cent a dishwasher. Over 40 per cent of Italy's domestic refrigerator sales already are replacement ones.

Estimates of sales over the next two years in the Common Market and EFTA countries give a likely level of 7.5m. refrigerators, 6m. washing machines and 7m. cooking ranges. Italian production last year was 5.2m. refrigerators, 3.7m. washing machines and about 1m. cooking ranges. If these projections for demand are anything like right the prospects for the electrical household appliances industry are no longer very bright. It looks like being squeezed between flagging demand for its products, increased competition among their manufacturers and rising production costs, particularly labour ones.

In the circumstances it is hardly surprising that the biggest groups in the field in Italy should be opposing any further expansion in productive capacity. In his testimony to the committee of the Chamber of Deputies Signor Mazza says bluntly that a "turning point" for the entire industry had been reached. He voiced the view that the emphasis from now on should be placed on research for new

materials and productive techniques, on market research and better methods of distribution and sales.

The merger stage has already been reached. In the last few years Zanussi has taken over five other companies and today it has 30,000 employees and annual sales of lire 257,000m. (218m.). The second largest group in Italy, Ignis, has already been or is on the way to being taken over by Philips of Holland and several of the smaller groups are getting together. The odd one out in this trend to growth through take-overs rather than through increased capacity is Indesit which, incidentally, is probably Italy's largest exporter of electrical household appliances to Britain.

Of all Italian manufacturers Indesit is the only one to be expanding capacity with a new plant, at Caserta, just north of Naples. Most other manufacturers are highly critical of Indesit's move, claiming that Indesit will be increasing its capacity mainly thanks to government funds since it will benefit from all the special incentives for investment in Southern Italy.

Until now the industry has been strong on manufacturing but weak on marketing. Manufacturing on behalf of other European companies has become one of the characteristics of the Italian industry. The largest companies of the whole sector, Zanussi and Ignis, have been making refrigerators, washing machines and dishwashers for some of the oldest and most famous names in the field who then market them under their own trade marks. Almost as many appliances carrying trade marks such as Hoover, Philips and AEG, for instance, have been rolling off the Zanussi and Ignis assembly lines as those carrying Zanussi and Ignis trade marks. It is estimated that appliances built to order account for between 38 and 40 per cent of total exports. Only two of Italy's major manufacturers, Candy and Indesit, have deliberately pursued a policy of manufacturing and marketing only under their own trade marks.

Dependence on "manufacturing on behalf" in the electrical appliances sector has caused concern for many years. But it appears to have produced two quite different results in the two most important cases, Ignis and Zanussi. The most important client for the former was Philips of Holland and the outcome has been the establishment of a new company, Ire, in which Philips has at least 50 per cent, and which has taken over control of the whole group. Philips now has very much of a say even in the actual day to day running of Ignis from the manufacturing point of view.

In Zanussi's case the most important client was Germany's AEG. The outcome has been the establishment of a company for the group in which, however, AEG only has 25 per cent, and has little or no say in the day to day running of the group. However this does not mean that full control of Zanussi has been retained by the former owner of the company; 48 per cent of Zanussi's shares are understood to have been handed to an ad hoc consortium of Italian banks under the leadership of the state-controlled IRI as security for a £33.3m. loan.

None of the Italian appliance companies is publicly quoted, and all of them are secretive. But perhaps the plans of the industry can be summarised in the points the president of Zanussi outlined to the Italian deputies as the guidelines of his group which now has a little less than half the total sales of the entire sector. The points were: 1—The streamlining of manufacturing capacity; 2—the streamlining of sales and servicing in Italy and abroad; 3—the rationalisation of products to reduce to the minimum unnecessary diversities; and to unify as much as possible component parts and materials; 4—an increased drive in the field of research to avert the danger of product and marketing obsolescence, to face a possible resumption of foreign competition.

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## Allied Colloids Manufacturing Co.

(Manufacturers of Industrial Chemicals)

### FURTHER GROWTH AND SUCCESS ENVISAGED

The Annual General Meeting of Allied Colloids Manufacturing Co. Limited will be held in Bradford on 26th August, 1971. The following are extracts from the circulated statement of the Chairman, Mr. J. Dawes:

The results to 31st March 1971 again reflect the success achieved in meeting industrial requirements for specialty chemicals. Total Group sales to external customers increased by 44%. Sales to overseas customers increased from 38% to 47% of total Group sales. Group pre-tax profits were £650,721, compared with £460,820. A dividend of 30% for the year is recommended which compares with the adjusted distribution of 25% for 1969/70. A one-for-five scrip issue is also proposed.

### THE CURRENT YEAR

The subsidiaries in U.S.A., Canada and South Africa completed their full year of trading, and together with our Australian subsidiary, contributed 44% of our Group external export sales. Our specialties are of general industrial use and of world wide application. As our future success increasingly will be in overseas markets, we augmented the staff of these overseas companies last year and plan to continue this in the current year.

One of our future lies not only in selling more of our existing products but in evolving new techniques of manufacture, from our research department producing new specialties and from our sales and technical service departments establishing their application throughout the world. In the second half of the last year and in the current year to date we have incurred much extra expense in these areas in order to ensure our future growth.

In the first three months of the current year our sales are ahead of those for the first three months last year but, because of the increased expenses referred to, profits are likely to be somewhat less. It is virtually impossible to forecast what our results for the whole of the current year are likely to be. We know that world industrial appetite for specialty chemicals will continue to grow. Our range of products includes chemicals for a wide spread of industrial applications. We have every confidence that our policy of expansion will be reflected in further growth and success.

## LA REDOUTE

ROUBAIX, FRANCE

The Annual General Meeting of LA REDOUTE was held on July 27, 1971, under the chairmanship of M. Henri Pollet, Chairman and Managing Director, to approve the Accounts for the financial year 1970/1971 which closed with a net profit of Frs. 18.8 million before allocation to the shareholders' reserve.

The net dividend was fixed at Frs. 8 per share, which when supplemented by the tax credit, brought the overall revenue to Frs. 12.

All resolutions were adopted unanimously.

In his speech, M. Henri Pollet stressed, that: "the year 1970 was not particularly favourable to distribution in France. Sales remained low and results were often bad, however, despite a slowing down in the rate of increase, our Company nevertheless showed satisfactory results at the end of the financial year."

In order to promote our position in the Common Market, we have taken a majority shareholding in the FARTHA company which holds a promising position on the Belgian market of major order.

In the same way, we have set up the Société Nouvelle Expansion Redoute to bring together our three blocks and thus facilitate new developments.

I should like to say a few words on the present year. At the end of June our activities had increased by 12%. This rate is expected to grow during the autumn-winter season."



'Duet' bi-folding doors by P. C. Henderson Ltd., Romford. For fitted wardrobes, hall cupboards, kitchen pantries and other storage areas.

## Open-and-shut case for steel

These bi-folding doors are made of steel. A beautiful vinyl-coated steel called Stelvetite, with a warm leather-grained finish. What's the advantage? These doors are

warp-free. Light, but very strong. Scratch resistant. Easy to clean. Impossible to splinter. They last a lifetime without redecoration. That's the advantage. Steel.

British Steel Corporation



## Other Overseas News

### IN BRIEF

● **SOUTH VIETNAMESE** Vice-President Nguyen Cao Ky seemed in deep political trouble yesterday with only one day left in which to qualify as a candidate for the South Vietnamese Presidential election and less than 80 of the 100 signatures of support he legally requires from provincial councillors to run.

● **IRAN'S** National Oil Company has announced plans to build a 22,000 barrel per day refinery on Lavan Island in a joint venture with the Yugoslav Oil Company.

● **SYRIA** forced a Middle East Airlines Boeing 707 plane with 100 passengers and crew on board to land at Damascus Airport yesterday while on a direct flight from Amman to Beirut and allowed it to resume its flight after a 45-minute tiring in which the captain, a Lebanese, was questioned by Syrian authorities.

● **AUSTRALIAN** railway services in all States except Queensland and Tasmania are due to be stopped by strikes to-day. The stoppage, originally planned for 24 hours, is now said to be indefinite.

● **KUWAIT'S** Fund for Arab Economic Development and the World Bank will make a joint technical assistance grant (equivalent to \$400,000 or KD142,858) to the Yemen Arab Republic to finance a team of planning and technical experts in economic development activities.

● **INDIA** will regard any move for post-United Nations observers on Indian soil as "a very unfriendly act." External Affairs Minister Swaran Singh said yesterday.

● **SOUTH AFRICA**—The trial of the very Rev. Gonville French-Beytiah, Johannesburg's Anglican Dean, on charges of plotting the "violent overthrow" of the Government resumed in Pretoria yesterday. It is expected to last two to four weeks. The State's first witness, Mr. Louis Henry Jordaan, a police reservist attached to the security police, was still in the witness box.

## India looks at foreign profits on cigarettes

By Our Own Correspondent  
NEW DELHI, August 3.  
INDIA'S Minister of Industrial Development Mr. Mohan Lal Bhaughey has agreed to a suggestion that the question of reducing foreign profits repatriated by foreign cigarette companies should be legally examined. Mr. Bhaughey said to-day that foreign cigarette companies had expanded their production capacity beyond that permitted by the Government and it was his ministry's intention to "break their monopoly" in the industry.

The ministry planned to give licences to 13 Indian cigarette companies as well as to state governments interested in starting cigarette factories. In 1969 the Imperial Tobacco Company (known here as India Tobacco Company) remitted as profits to Britain Rs.13.83m, a progressive rise over the previous three years.

### AUSTRALIAN POLITICS

## McMahon looks for loyalists

By MICHAEL SOUTHERN, AUSTRALIAN EDITOR

"In good straightforward Anglo-Saxon terms I have been sacked." That was Mr. Leslie Bury's simple answer to the announcement of his "resignation" from the Post of Minister for Foreign Affairs, which the Prime Minister, Mr. McMahon, made on Sunday. The Prime Minister's statement was brief, paid a "personal tribute" to the service of Mr. Bury to his country, and added: "My own association with Mr. Bury has been a long and pleasant one, but no one believes that."

In point of fact, the relationship between the two men was at best bad when Mr. Bury was appointed to Foreign Affairs from the Treasury four months ago in Mr. McMahon's first reshuffle of Cabinet as Prime Minister. It has deteriorated since. So last Friday, when the news of Mr. Bury's dismissal was leaked, sources close to the Prime Minister suggested that Mr. Bury was resigning because of ill health. The result of this was a week-end of speculation which ended with Mr. Bury announcing he was sacked prior to the Prime Minister's statement about his resignation.

### Lusty life

Meanwhile, the Saturday and Sunday newspapers had been carrying the full story of dismissal, the names of the replacements and the reasons why—mostly quoting sources "close to the Prime Minister"—Mr. Bury for his part added to his statement that he planned a long and lusty life in politics. "I feel excellent. I am in wonderful health."

Some Canberra reports suggested that Mr. McMahon had hoped Mr. Bury would drop out of politics, and that he had his eye on Mr. Bury's safe seat. Mr. McMahon's electorate is one that requires a great deal of attention and, by no means, guarantees his return to Parliament at the next election.

At the end of this affair, it was

## Sudan recalls ambassadors from three capitals

By OUR FOREIGN STAFF

THE SUDANESE Government has recalled its ambassadors to Britain, Italy and Yugoslavia. It was announced in Khartoum. The Ambassador to London, Mr. Sayed Abdin Ismail, will be leaving in later this week, an Embassy spokesman in London said.

He added that the Ambassador was not being returned home because of the coup last month. "It is a normal diplomatic reshuffle. He has been here two years and may be needed somewhere else. It has nothing to do with events at home because he is in total agreement with the Government."

Two other members of the London Embassy, which arranged interviews with two leaders of the coup who were in Britain at the time, have also been recalled. The two leaders, Lieut-Col. Babakir el Nour and Major Farouq Hamadallah, were executed in Khartoum after being taken off a BOAC plane in Tripoli on their way home to take over posts in the short-lived revolutionary government.

Ambassador Ismail is thought to have had sympathy for the putschists and could have expected a post in their administration, informed sources said.

The Ambassador to Belgrade, Brigadier-General Osman Hussein Osman, left Belgrade for Khartoum yesterday for what an Embassy spokesman described as a previously arranged leave. The Sudanese Chargé d'Affaires in Kenya is also being recalled.

In a statement to the Middle East News Agency in Khartoum, the Under Secretary of the Sudanese Foreign Ministry, Mr. Fakhri el Din Mohamed, said his Government had expelled Soviet and Bulgarian diplomats because they had been in contact with the leaders of the coup. The Bulgarian Ambassador in Khartoum and the Soviet Ambassador's counsellor were asked yesterday to leave the country. The Bulgarian diplomat was given a week and the Russian 48 hours.

The Under Secretary said that the recall of the Sudanese Ambassadors in Moscow and Sofia was in protest against the concentrated foreign aggression against Sudan which Khartoum regards as interference in its internal affairs.

"But this does not mean that we have asked or will ask the Soviet Union to withdraw their ambassador in Khartoum," Mr. Mohamed said, according to the news agency.

Our Moscow Correspondent adds: In spite of the harsh tone of yesterday's communiqué condemning President Nimir, issued after the East European leaders met in the Crimea and recent Soviet statements, it is thought that the Soviet reaction to events in the Sudan was basically one of perplexity rather than anger. It is not the first time that Arab protests have been troubled by internal strife and conflicts between opposing leftist groups in Sudan can only bring harm to the Arab world in Soviet eyes. One possible consequence of these internal disturbances could be a degree of rapprochement between the Soviet Union and Israel. There was speculation on these lines following the government crisis in Egypt in May and it would not be surprising if more feelers were put out towards Israel now.

It is not an interesting agreement that Moscow will take any further immediate action in respect of Sudan. The communiqué issued yesterday clearly showed the position of the Soviet Union and the other socialist countries and it seems likely that they will watch any further development in Sudan before acting.

Mr. Sisco dominated the two-hour session and he had exposed the ideas of an interim agreement. He is reported to have told Mrs. Meir that only such an agreement could assure an extension of the cease fire which went into effect last August 7, 1970.

Mrs. Meir to-day briefed those ministers who did not participate in the discussion. Mr. Sisco, in order to avoid leakage, a government meeting which was scheduled to take place to-day was postponed until Sunday. It is believed that before then Israel would submit counter proposals to the American proposals to have undertaken that no Soviet troops and advisors would be allowed to cross into the area evacuated by the Israelis.

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## Mrs. Meir continues Suez talks

By OUR OWN CORRESPONDENT

TEL AVIV, August 3.

ISRAELI Prime Minister, Mrs. Golda Meir, together with her Defence and Foreign Affairs Ministers, is due to continue discussions to-morrow on the American proposals for the re-opening of the Suez Canal to free navigation. These proposals were put forward by Assistant Secretary of State Mr. Joseph Sisco during his meeting with Mrs. Meir yesterday.

In spite of a thick veil of secrecy around the talks, Mr. Sisco is reported to have proposed the withdrawal of Israeli troops stationed on the East Bank of the Canal to a distance of 35 km. that is, up to the Mitla Pass. Mr. Sisco is also reported to have proposed that a token Egyptian military force should

be allowed to cross the Canal in order to secure the technical work of the cleaning of the waterway.

Although Israel was prepared to accept a withdrawal to a certain distance, it still opposes any Egyptian military crossing. Israel is only prepared to allow the crossing of Egyptian technicians who would be protected by Egyptian civilian police.

Earlier Israel was advised that Egypt is prepared to cross the Canal only with infantry units, without any armour or artillery. President Sadat is also reported to have undertaken that no Soviet troops and advisors would be allowed to cross into the area evacuated by the Israelis.

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## Japan faces uranium shortage

By OUR OWN CORRESPONDENT

TOKYO, August 3.

JAPAN faces a serious and urgent need to obtain uranium resources and enriched uranium for this country's expanding nuclear power generation, according to a White Paper submitted to the Cabinet here to-day by the Atomic Energy Commission.

The paper warns that Japan, which now operates or is constructing 13 nuclear power plants with a total generating capacity of 7,126,000 kilowatts, will have a generation capacity from nuclear energy by 1985 of 60m. kilowatts. In 1987 the Atomic Energy Commission of Japan had predicted only 30 to 40m. kilowatt capacity 15 years from to-day.

AEC officials said in their White Paper that, because of the new projections, Japan will require 18,000 tons of natural uranium yearly for use as fuel by 1975 and up to 120,000 tons

by 1985. It was suggested that Japan might have to launch a vast procurement programme within a few years.

Nuclear reactors now being constructed in Japan are of the light water type using enriched uranium as fuel. The AEC paper noted that this development will mean that demand for enriched uranium will reach 3,000 tons yearly by 1975 and more than 8,000 tons annually 10 years later.

Japan has been assured an adequate supply of enriched uranium by the United States for those reactors already built or construction of which has started by 1973. But the Japanese have no guarantee of such fuel supplies for reactors constructed after that date.

The White Paper reminded the Government that the supply capacity of enriched uranium plants in America currently

amounts to about 17,000 tons annually and that Japan can only be certain of obtaining a portion of these supplies in any event. Should the U.S. increase its production it will not be in a position to deliver all the enriched uranium which Japan and other non-Communist countries might want, the AEC paper noted.

Cabinet members were given the recommendation that the Government should soon begin drawing up fairly solid plans for securing enriched uranium from other sources, possibly from Britain, West Germany or the Netherlands or all three countries. The paper informed the Government that these nations were engaged in construction of enriching plants using the centrifuge method and that France was planning to build an enriching plant which would use the gaseous diffusion method.

The Government's intention is to give the banks incentives to expand credit in East Pakistan to the limits required to regenerate the economy. But banks in West Pakistan will continue to be subjected to discipline of selective credit controls and ceilings.

The chairman of the Pakistan Atomic Energy Commission, Dr. I. H. Usmani, disclosed in Karachi that a United Nations assisted programme will soon be launched to drill deep into uranium reserves found in Dera Ghazi Khan to discover the extent of the deposits.

Dr. Usmani said Canada would supply uranium until Pakistan could produce its own. He hoped Pakistan would become totally self sufficient in its requirements of uranium fuel by end of the Forty Five Year Plan, in June, 1975.

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## Hotels "not against classifying"

THE HOTEL industry is not opposed in principle to the suggestion that there should be some form of registration and classification of hotels in Britain, a statement from the joint liaison committee of the British Hotels and Restaurants Association, the Brewers' Society and the Caterers' Association of Great Britain said yesterday.

The compiling of a voluntary register, and even voluntary classification of hotels, would certainly be accepted by the members of our organisations. "However, the British tourist Authority is currently carrying out a survey into this subject, and we feel it would be as well to await the publication of their report before firm decisions are made."

It was difficult to see any case for compulsory registration of every type of accommodation down to the pub with one letting bedroom or the farmhouse which takes summer guests.

"It should be clearly understood that such classification would be entirely concerned with the 'vital statistics' of the premises, that is, number of bedrooms, bathrooms, restaurant opening hours, charges, and so on," says the statement.

"It would not be indicative of the standard of service provided, which comes under the heading of grading, and is, we feel, best left to independent organisations as at present."

## Britt Ekland sued over shares deal

ACTRESS Britt Ekland, 23, the former wife of Peter Sellers, is being sued in the High Court over a £2m share transaction.

John Froust and Company, City stockbrokers, have issued a writ claiming £2.916 against the actress. The writ alleges that in February, 1968, Froust's accountants acting for Miss Ekland bought from the stockbrokers 5,000 shares in Zandaph Goldmining of South Africa. The shares were subject to a rights issue, the writ says.

There was a call of 50p per share, and the aggregate of call moneys due in March 1968, totalled £2.916.

The stockbrokers allege that, by an oversight, they did not debit Miss Ekland with the call money. The mistake was not discovered until May 1970, and they asked for payment in June. It has still not been paid, they allege.

## Pakistan frees banks

By Our Own Correspondent  
KARACHI, August 3.

THE PAKISTAN Government has announced withdrawal of all selective credit controls and ceilings of all kinds on lendings by commercial banks in East Pakistan. This is the first major step taken to provide complete freedom for the banks to launch their loan operations in East Pakistan without any major monetary obstacles.

The Government decision was announced by the Governor of the State Bank of Pakistan, Mr. S. U. Durrani while inaugurating a four-day conference of chief executives of banks and financial institutions.

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## Supertanker explosions: findings still inconclusive

By JAMES McDONALD, SHIPPING CORRESPONDENT

A SECOND REPORT, published to-day by the International Chamber of Shipping on its investigations into the explosions in three supertankers in December, 1969, is still inconclusive. But a considerable amount of new knowledge which has been passed on to operators.

The report says that "from the very nature of the electrostatic phenomena, it may never be possible to state in precise terms the exact cause or causes of the 1969 explosions but it is expected that the work now in hand will at least lead to knowledge which should prevent a repetition."

Three methods of controlling the tank atmosphere have been fully investigated. The report is not intended to advise for or against the use of any particular method. "This is the province of the individual owner who must take into account his operating procedures and trading patterns."

It should be emphasised that whatever method of tank atmosphere control is being used, it is essential that effective and reliable monitoring of the atmosphere takes place at all times. Training in the operation of all methods of atmosphere control, monitoring and the tank-washing systems is basically gained by experience under on-board conditions. The report declares, together with detailed instructions in the form of relevant manuals. "These systems are safe provided they are supervised correctly by trained personnel."

Commenting on the report, Lord Geddes, chairman of the ICS tanker committee, said last night: "The investigation of the cause of the explosion might not be as positive as we had hoped, indicates very clearly the importance of tanker owners

throughout the world are placing on this aspect of their work. A vast amount of research has been undertaken.

"In the past year, on electrostatic investigation alone more than £1m. has been spent. The research work will continue until the industry has an adequate understanding of the problem of electrostatics arising during the tank-washing process."

He emphasised the importance of the findings concerning the electrostatic generation of insulated probes "which is a major importance to tanker owners throughout the world regardless of the size of ship they operate. This is a most significant item of new information."

Extensive investigation has been carried out on the vital problem of controlling tank atmospheres and a great deal of useful information has been acquired. The report discusses in detail the various methods present in operation to control tank atmospheres, certain aspects of which are still being evaluated. This work, in combination with that on electrostatics, will provide the shipowner with information of the highest importance to the safe operation of his ship. The committee recommends the report to those interested in the furtherance of tanker safety," Lord Geddes declared.

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## Four more road schemes listed

FOUR FURTHER schemes have been added to the principal road preparation list. Two are in Hertfordshire, one in Surrey and the other in Wigan.

One of the Hertfordshire schemes is a by-pass of Wigan. The other is a bridge works improvement on the A51 near Hitchin railway station, to be undertaken in connection with British Rail programme of rationalisation for the East Coast main line. Both schemes have been submitted by Hertfordshire County Council.

The Surrey scheme is at Frimley by-pass, proposed by Frimley and Camberley Urban District Council. This would relieve the town of the extra burden of traffic that completion of it M3 would otherwise impose.

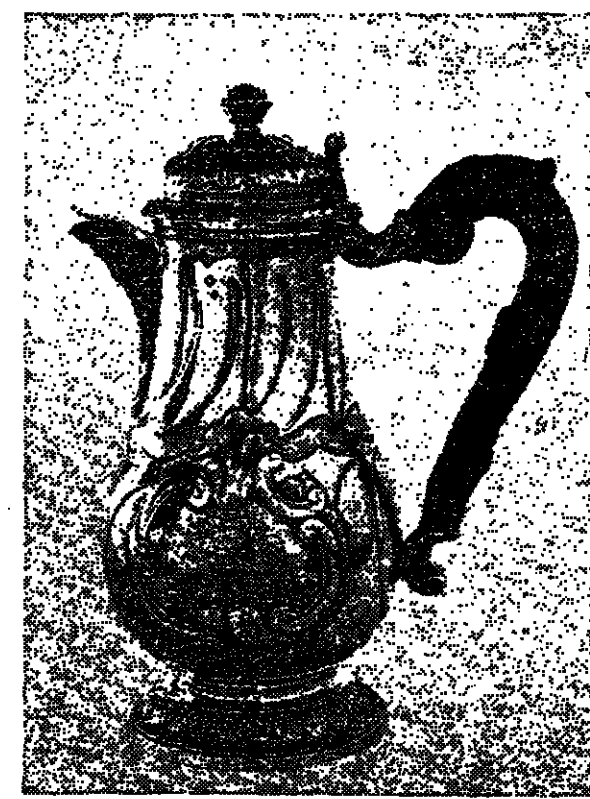
Wigan's scheme forms part of the county borough's proposed plan for an inner ring road from Wallgate to King Street, Queen Street and Chapel Lane, and would include the widening of the railway bridge over Chapel Lane.

## APOLLO

Edited by DENYS SUTTON

the international magazine of the fine arts

EIGHTEENTH-CENTURY STRASBOURG



Coffee-pot by Jean-Jacques Ehrlen, c. 1749-51. Silver-gilt, height 21cm. The Louvre, Paris. Illustrated August Apollo.

The AUGUST issue of APOLLO gives a varied account of eighteenth century Strasbourg, its architecture and its art. It contains articles on the Palace of the Rohans, who were Bishops of Strasbourg; Ceramics; Painting & Sculpture in Alsace and Gold & Silverware. In addition there are the usual APOLLO features of Art across the U.S.A., London Galleries, Book Reviews and the Sale-room.

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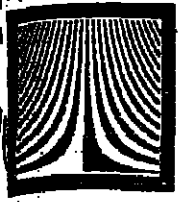
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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## RESEARCH

### Magnified a million times

THE achievement of a magnification of one million times using an electron microscope—like some quarters to the technical equivalent of running the four-mile mile—has been announced by the General Electric Company (U.S.).

Working with a specially modified Philips EM 300 machine, GE research workers say they have observed details as small as one thousandth of a millimetre on the viewing screen of the instrument itself, magnifications of conventional microscopes range between 1,000 and 600,000 times.

At one million times, the GE scientists say, they can locate atoms of atoms in a metal sample and observe any imperfections in the spacings between atoms. The ability to observe the atomic structure of a metal or alloy is of some importance in materials research. Structural imperfections on the atomic level can play a major role in determining strength and hardness, and they are also crucial to the operation of semiconductors. The American team made three modifications to their instrument

to make visible line spacings of two Angstroms. First, they found it possible to double the magnification of the instrument's final magnetic lens. Secondly, the illumination of the sample under study was substantially improved by maximising the intensity and concentrating the electron beam on to a very small sample area. Finally, the resolution of the microscope was optimised by careful adjustment and by minimising vibration.

The visible image on the fluorescent screen of the instrument is so sharp, say GE, that tiny defects in the lattice of a metal crystal can be seen as slight variations in the regularity of the spacing between planes of atoms.

By photographic enlargement magnifications of 27 million times are possible, say GE, and they have, in fact, released pictures—unfortunately not easily reproducible—which show a dislocation quite clearly as an extra plane that distorts several nearby rows where it terminates, rather than the way that an out-of-line motor-car distorts the pattern of a car park.

## INSTRUMENTS

### Precision in small doses

MOVEMENTS as small as 70 Angstrom units is now available in a precision linear translation stage. It is intended for moving microscope sections, placing components for laser scribing or positioning microcircuits.

An added advantage, says Coherent Optics, of 330, N. Washington Street, Rochester, N.Y., U.S., is that the stage is remotely controlled so that it can be used in hazardous environments.

Coarse stage travel is 1 mm and fine electronic adjustment and resolution is 70 Angstrom units. The steel slides are nickel plated and there is no wobble or backlash, the company claims.

## PRODUCTS

### Makes sure envelopes are empty

THE possibility of overlooking cheques or other valuable enclosures in envelopes can be minimised with a document-detector now available.

Working on the principle of multiple refractions, the device will note enclosures left in discarded envelopes regardless of the thickness of the paper. It senses the number of interfaces: an overlooked cheque means there are more interfaces than in an empty envelope, says the U.S. Envelope Company, of 2001, Industry Avenue, Springfield, Massachusetts.

The detector will handle up to 500 envelopes per minute. It is intended to be used with a high-speed letter opener.

### Air bags speed crash rescue

INFLATABLE BAGS that can be used to raise crashed vehicles sufficiently for trapped victims to be released were demonstrated to fire service officers by the Bedfordshire Fire Service recently.

These bags are particularly suitable when victims are pinned down on soft or icy ground where conventional mechanical jacks cannot be used to lift the

wreckage in order to free them. Another situation where they come into their own is where "soft" bodywork that would be pierced by a metal jack has to be lifted.

The air bag has been developed and produced commercially by MFC Survival, of Tonypandy, South Wales, specialising in rescue equipment, with J.V. Pressure Controllers, part of Metropole Industries Group, of Feltham, Middlesex, producing the valves for controlling the air flow.

These valves are used to reduce the pressure of up to 3,000 p.s.i. in compressed air cylinders down to 6 p.s.i. in the air bag; without them the bags would burst. In the first place, the air pressure is brought down to 30 p.s.i. by a reducing valve.

A relief valve at the neck of the bag then prevents pressure exceeding six p.s.i. The rescue device is normally a twin bag weighing around 50 lbs which packs down to a thickness of just five inches.

The original idea of the air bag rescue kit was conceived by a visiting scientist at the Ministry of Defence R101 ship hangar at Cardington, where they were being used for lifting military vehicles.

Home Office approval for the bag is said to be pending. The cost of a twin-bag unit is just over £100.

## FARMING

### Cheap grain storage with wood

HARDWOOD birch veneers in Finnish plywood provide a structural material of great flexibility and high impact and abrasion resistance, which together with its lightness, make it suitable for many farm requirements.

One of the uses for these sheets of Finnish plywood is the construction of a 5 foot by 10 foot storage bin for grain. The bin is made of a strong, weather-proof cylinder measuring 10 feet high with a capacity of around 14 tons, costing less than £20.

With a life expectancy of something like 10 years, the storage hopper is reckoned to pay for itself in about 10 weeks as the cost of grain rises.

A design and construction sheet for these circular storage bins has just been produced by the Finnish Plywood Development Association, covering a range of capacities from nine to 85 tons for wheat or barley. The design makes use of standard exterior panels of either four feet by eight feet or five feet by ten feet. Besides showing how to construct the bins, the sheet gives information on how to make accessories like sliding and manhole doors, outlet chutes and auger tubes. Copies of the sheet can be obtained free from FPD, Broadmead House, 21, Pantons Street, London, SW1V 4DR.

## ELECTRONICS

### U.K. micro-electronics surveyed

SOME broad scale results of a survey commissioned about fifteen months ago by the DTI (then the Ministry of Technology) and the NRDC have now been made available by Mackintosh Consultants Company, which carried it out.

The survey, which is a comprehensive study of the British microelectronics industry over the decade 1970-80, provides market forecasts by microcircuit user industries and by individual circuit families, identifies technological trends, and examines in depth economic factors affecting the viability of the British micro-electronics industry. Mackintosh says that more than 60 companies were visited.

The report has now been submitted to the DTI and NRDC and an abridged version has been made available to the companies that took part in the survey.

One of the views it gives is that the combined U.S. and European markets for microcircuits will expand to £1,250m. by 1980, particularly with respect to computers and electronic calculators, telecommunications, data transmission and certain consumer fields (for example watches). Much of this growth will be in terms of MOS technology.

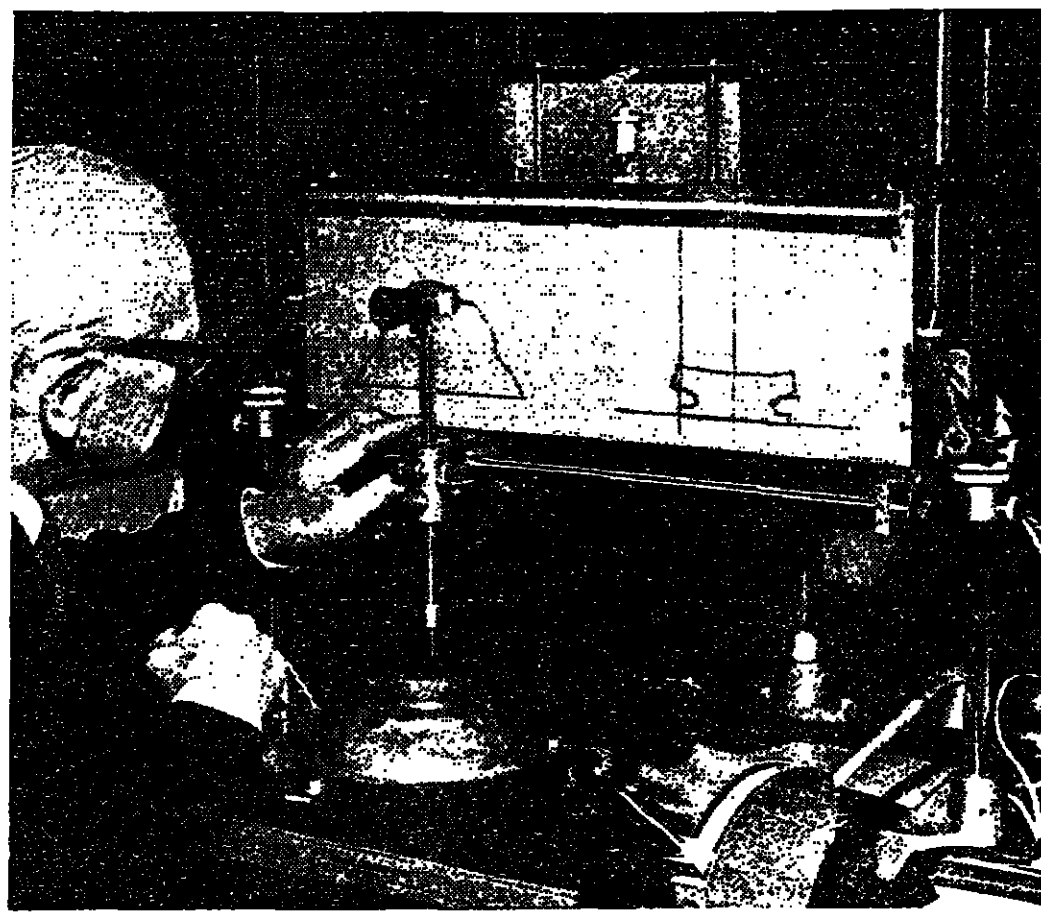
The total U.K. market including hybrids, which was, says the report, £17.3m. in 1970 is expected to reach about £80m. by 1976, and about £100m. by 1980, in 1970 monetary values. The market in MOS semiconductor memories in the U.K. alone will reach about £20m. by 1980.

In terms of technology, the report sees no new material or process developments that will seriously challenge the position of silicon over the next 10 years and believes that extensive developments in MOS technology will be the dominant feature, particularly for memory systems and micropower devices. It also sees no major developments in hybrid technology. By 1980, however, much wider applications are foreseen of multi-chip techniques for the incorporation of SICs into large electronic systems.

Perhaps the single most significant belief expressed is that no single national market in Europe, and this applies equally to Britain, is capable of supporting even one major SIC company, and that no company can succeed without a large, innovative market.

GEORGE CHARLISH

## METALWORKING



This inspection tool designed by Temco Tools of 14, Liverpool Gardens, Worthing, Sussex, and known as a stylus trace comparator, can be used for the inspection components having a tolerance of not less than plus or minus 0.1mm. The stylus head is moved over the internal and external surface of the work piece and the optical viewer on the top of the stylus holder enables the operator to observe the relationship between the surface of the workpiece and a drawing of its outline mounted on an illuminated screen. The thickness of the reference outline should represent the tolerance and if the graticule mounted in the optical viewer does not follow the workpiece outline the component is outside the manufacturing tolerance.

### Tube end forming and swaging

TUBE end forming and swaging machinery will be manufactured by a new division established by the Torrington Company, at Coventry. Starting with a limited production of air and hydraulically operated end forming units, the division hopes within two years to be offering a total of nine models of both types to deal with various tube sizes (from 3 mm to 89 mm diameter), as well as a number of rotary, die-closing and stationary spindle swaging machines.

### Design of welded products

"Improving Welded Product Design" is the subject of the Welding Institute's Conference at the Bloomsbury Centre Hotel, London, from November 16 to 19.

Six technical sessions will

cover all significant design factors: structural and stress analysis of welded fabrications; determination of strength criteria and design considerations related to welded joint properties; the design, inspection and quality control relationship; design organisation with regard to technical information and standards; education and training trends for the design engineer.

Intending delegates should contact the Registrar, the Welding Institute, 10, King's Hall, Cambridge, CB1 6AL.

### Castings inspection

ESSENTIAL reading for inspectors of steel castings is the 1971 revised edition of "Recommended procedure for the ultrasonic examination of steel castings" just published by the Steel Castings Research and Trade Association, East Bank Road, Sheffield S2 3PT, at £1.50.

Ultrasonic surface contact examination, using longitudinal and transverse waves, of the majority of ferritic castings of carbon and alloy steels, but excluding austenitic alloys, are described. Equipment, couplants,

calibration and reference blocks; surface condition; test procedure and its limitations, and test data and records are discussed and there are five appendices relating to particular aspects of the procedure. The booklet is one of a series on the subject of castings inspection procedures.

### High-speed sizing press

SIZING is a method of obtaining close tolerances on sintered components. After passing through the sintering furnace, the component is re-pressed (known as sizing or coining) in dies similar to those used in the original compacting operation.

This is usually a slow operation where asymmetrical components are involved, requiring specially designed feed mechanisms or manual control. Dorst, of Germany, has now made available through its U.K. agent, Sintrex, Priory Road, East Ham, London, a powder metallurgy press stated to be capable of sizing asymmetrical sintered components at speeds up to 50 strokes per minute.

### Automatic multi-pass copying

AVOIDING conventional multiple feed trips, an eight-pass auto cycling system for centre lathes is being manufactured by Hepworth Iron Company (Engineering), of Bridge Mills, Holmfirth, Huddersfield, in which all longitudinal dimensions are derived directly from contact with the master template.

The system gives rectilinear passes, controlled on diameter by an indexing turret and controlled longitudinally by contact of stylus with a template, which may include extended shoulders and re-entry forms.

Using multi-pass copying, the function of the semi-skilled operator is confined to loading/unloading the lathe, while changeover from component to component is by interchangeable turrets. The copy unit incorporates an eight-station indexing turret and an adjustable-depth finish-cut control. The system can produce components involving external, internal or face copying, and is adaptable to long-bed machines. Control can be fully automatic or can be changed to manual.

Hepworth has introduced manual copying equipment which enables a pre-set finishing cut to be taken automatically over the full component form.

A pre-determined cut increment is applied automatically by the indexing turret stop at each station, with one station in each cycle applying the adjustable finishing cut. With this provision, the need for skilled operator adjustment of the tool box between roughing and finishing stages is eliminated.

### Fabrication of titanium made easier

TITANIUM is a high-strength refractory metal, but because it reacts violently with the atmosphere when heated it has fabrication disadvantages. It is claimed these may be eliminated by plating the metal with nickel, chromium or other metals to simplify lubrication or welding problems.

Usual coating is nickel, although platinum or ruthenium can be used for special purposes. The manufacturer, Refractory Metals Electrofinishing Corp., of 127, Oakley Avenue, White Plains, N.Y., U.S., states that nickel plating makes it possible to silver solder components of titanium and protects them from hot salt stress corrosion.

The process can be used to build up worn or erroneously machined titanium parts, the company says. Plated parts eliminate titanium's tendency to seize or gall when used in a moving assembly.

# Powell Duffryn: the year in brief

Points from the statement by Sir Alec Ogilvie, Chairman.

**Group trading profit** for 1970/71 increased by £142,000 to £4.94 million. **Net profit** after tax and minorities up by £184,000: recommended final dividend increased to 10%, making 13% for the year (1969/70: 12%).

**Hy-Mac excavator company** completely reorganised in year of severe recession in the construction equipment industry generally.

**The Group's activities** with the exception of Hy-Mac produced profits exceeding the previous year by over £1.25 million—an increase of 25%: with particularly good results from Shipping, Fuel Distribution, Timber and Quarries Divisions.

**Acquisition of William Robertson** shipping and quarrying companies completed.

**New transmissions division** of Hamworthy Engineering established at Poole to manufacture axles and gearboxes for mobile earth-moving and other equipment.

**P.D. Pollution Control** formed combining the 'Beatwaste' industrial waste disposal service and the design and supply of waste treatment and incineration plant: further expansion foreseen in growth market following 'Beatwaste's' nationwide market survey.

**Liquidity** eased in current year following sale of Group headquarters in City of London for £6.1 million in May 1971.

**Common Market:** British entry would be of overall advantage to the Group.

**The future:** in the words of the Chairman, "the mood in Powell Duffryn is one of reasoned optimism".

## SALIENT FEATURES FROM THE ACCOUNTS

	1971 £000	1970 £000
Trading profit, investment income and Group share of profits of associated companies	4,942	4,800
Profit before taxation	3,843	3,875
Net earnings of the year attributable to ordinary shareholders	2,977	1,893
—per share in pence	8.2p	7.7p
Ordinary dividends	13%	12%
—per share in pence	6.5p	6.0p
Dividend cover	1.3 times	1.3 times
Net assets employed	40,889	39,567



**Powell Duffryn Group** Shipping, Wharfage and Transport: Fuel Distribution: Pollution Control: Oil and Chemical Storage: Engineering: Building Services Contracting: Overseas Trading: Timber and Builders' Merchants: Quarries.

(Copies of the Report and Accounts are available from the Secretary, Powell Duffryn Limited, Powell Duffryn House, 8 Great Tower Street, London EC3R 5AE)

## lep LUNT, COMLEY & PITT

### PRELIMINARY ANNOUNCEMENT Year Ended 31st March, 1971

Comparative Figures	1969 £000's	1970 £000's	1971 £000's
Group profit before taxation	1,080	1,504	1,672
Group profit available for appropriation	589	909	1,104
Earnings per 25p share	5.0p	5.8p	7.1p
Dividends per 25p share	2.41p	3.28p	3.76p

After taking into account the benefits of capital allowances receivable, principally in respect of the Pensnett Trading Estate, the taxation charge attributable to the profits amounts to 34% instead of the standard 40% now applicable. The result of the increased profit and of this lower tax charge is to make available for appropriation £1,103,998 compared with £908,663 last year.

It is proposed to declare a final dividend of 10% making a total dividend of 15% for the year ended 31st March, 1971, and, allowing for the Scrip Issue of one for three in October 1970, the equivalent total dividend for last year was 13.125%.

The divisional contributions to group profit are as follows—

	1970 £000's	1971 £000's
Construction	212	168
Distribution	506	536
Engineering	276	335
Industrial	271	316
Property	361	429
	1,616	1,784
Less: Interest on Loan Capital	112	112
	1,504	1,672

The Pensnett Trading Estate has continued to expand and during the year to the 31st March, 1971, a further £465,000 has been invested in new buildings. Further buildings are currently under construction against agreed leases and gross rents in the year to 31st March, 1972, will show a further improvement.

In addition to the Pensnett Trading Estate, at the 31st March, 1971, some £980,000 has been expended out of the group's general resources in other industrial and commercial property development projects which are not yet contributing to profits.

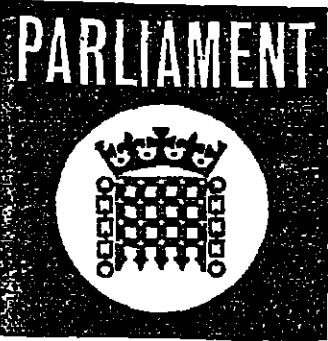
In view of the significance of the property division in relation to the group, the Board is currently considering the advantages to be derived from the separate administration of that division. As part of this policy, the Directors also announce that proposals which have been formulated in conjunction with J. Henry Schroder Wagg & Co. Ltd. will shortly be made to the holders of the £1,500,000 7½% Debenture Stock 1990/95 of the company for the cancellation of their holdings in return for the allotment of an equivalent amount of a new 8½% First Mortgage Debenture Stock 1990/95 of Comley & Pitt Ltd., a wholly owned subsidiary of the company, which owns the Pensnett Trading Estate. Application for quotation for and for permission to deal in the new stock will be made to the Council of The Stock Exchange, London. It is intended that the proposals should be considered at a separate meeting of the holders of the existing stock and full details will be posted to them shortly.

The group has made an encouraging start in the current year.

The Report and Accounts will be circulated to shareholders in August and the Annual General Meeting will be held on 15th September.

PENSNETT TRADING ESTATE, BRIERLEY HILL, STAFFORDSHIRE





# Mrs. Castle urges Carr to act over union funds pledge

BY PHILIP RAWSTORNE



MRS. CASTLE... your honour is involved.

THE TRADE UNIONS could be "fined" up to £5m. by the withdrawal of tax relief on their provision of funds if they failed to register under the Government's Industrial Relations Bill, Mrs. Barbara Castle told the Commons yesterday.

Speaking before MPs resumed their consideration of Lords amendments to the Bill, Mrs. Castle said that Mr. Robert Carr, Secretary for Employment, had assured the Opposition that the Bill's provisions would not have such an effect but if any amendment were necessary, it would be made.

It had since been made clear in the Lords debates, and the unions had been advised, that tax relief would not be available to them if they did not register.

## Any doubt

"As your honour is involved and no doubt unwittingly, the Commons has been misled, would you now put this matter right?" Mrs. Castle asked Mr. Carr.

Denying that he had misled MPs, Mr. Carr said he still believed that there was "no insuperable obstacle" to the unions in separating off their pension fund activities.

Mr. Carr said that when Senator Humphrey was Vice-President of the U.S. Administration, supported enlargement of the Community. He, therefore, has always supported the policy we are trying to carry through just as much as the present Administration.

Mr. Carr said that when it came to the agricultural question, then the United States also had its interests and the way in which it supported them.

## U.S. rise in spirit of protection, says Heath

MR. HEATH agreed with a Labour MP at Question time that there had been an increase in protectionist sentiment in certain parts of the U.S.

But, he added, this arose, in the first instance, in relation to problems about textiles and shoes and not from trade with the EEC.

He fully accepted one must do everything we could to prevent protectionist sentiments. This was something on which the EEC took the view that, after enlargement, there should be discussions. "This is the right way of going about it," he said.

Dr. John Gilbert (Lab. Dudley) had asked the Prime Minister to consider conversations with Britain's major trading partners to see that this "ominous growth" in protectionist sentiment in the U.S. was reversed as soon as possible.

Mr. Wilson said there was a growing feeling in the U.S. expressed by members of the Administration, and most recently in Britain by Senator Humphrey, about American reactions to the degree of protectionism in Europe in agricultural matters.

Mr. Heath said that when Senator Humphrey was Vice-President of the U.S. Administration, supported enlargement of the Community. He, therefore, has always supported the policy we are trying to carry through just as much as the present Administration.

Mr. Heath said that when it came to the agricultural question, then the United States also had its interests and the way in which it supported them.

## Aid for two Scottish new towns

By Philip Rawstone

THE GOVERNMENT yesterday designated Livingston and Glenrothes New Towns in Scotland as Special Development Areas.

Mr. Anthony Grant, Under Secretary for Trade, told the Commons that SDA benefits would be available immediately in both towns to new undertakings providing employment.

The incentives, in addition to the full range of Development Area benefits, comprise grants of 30 per cent. of eligible wage and salary costs during the first three years of operation, and rent free periods of up to five years in Development Corporation or DTI factories.

Mr. Grant said that SDA status had been given to the towns on condition that they made a substantial contribution towards solving the problems of the West Central Scotland SDA.

The New Town Development Corporations have agreed to take 50 per cent. of their new population intake in the next year from within West Central Scotland and 50 per cent. in each year afterwards.

Concession for Agriculture: The free depreciation rules for mobile plant and machinery are to be extended to agriculture within the development areas, Mr. Terence Higgins, Treasury Minister of State, announced.

He said: "The extension of free depreciation which was proposed on July 19 will apply to capital expenditure incurred after that date on new machinery and plant (other than mobile equipment) for use in a Development Area or Northern Ireland for the purpose of any trade including agriculture."

## Resign call to Campbell

By Our Lobby Editor

THE RESIGNATION of the Scottish Secretary, Mr. Gordon Campbell, was called yesterday in a Commons motion signed by Mr. William Hannan (Lab. Maryhill) and 23 other Scottish Labour MPs.

The motion expresses "disgust at the Government's attitude over the UCS crisis and says Mr. Campbell has proved incapable of defending Scotland's interests."

## Going down

THE TOTAL decline in purchasing power of an MP's salary between October 1964 and June 1971 was estimated at 29 per cent., giving the Member's salary a purchasing power of £3,308 compared with £4,650 for October 1964, said Mr. Terence Higgins, Minister of State, Treasury.

## NHS standard computers

SIR KEITH JOSEPH, Secretary of State for Social Services, has decided that there is a need to standardise National Health Service Regional Hospital Board computer equipment to achieve compatibility of equipment and systems. The benefits which could follow include economy in development and operation of the computer installations and improved facilities for transfer of information required for the

administration of the NHS. As most of the Regional Hospital Boards and the Department of Health and Social Security already have computers in the ICL 1900 series, it has been decided, in keeping with Government computer procurement policy generally, that Regional Hospital Boards should in future standardise on ICL 1900 series machines, subject to satisfactory price, performance and delivery.

## No need

Lord Brooke of Cumnor (C.) said he thought Mr. Powell had quite right to draw attention to the future dangers of race troubles in some of our big cities rose as it seemed likely to do to one-third or more of the whole.

"I don't know how one can effectively encourage dispersal, but I think it is a much better solution than any form of pressure."



MRS. CASTLE... your honour is involved.

Sir Geoffrey Howe, Solicitor General, asked: "Where, and by what provision under the Bill, is it stated to be an unfair industrial practice to call industrial action over unfair dismissal?"

"There is not one provision anywhere in the Bill making it unfair to take industrial action in support of a worker unfairly dismissed."

"We have provided remedies in respect of the worker who can go to the tribunal to challenge the injustice or justice of it, but alongside that the right to take industrial action remains. It is quite wrong to suggest that this right has been eroded or diminished in any way."

Mr. Heffer, from the Labour front bench, claimed that under the provisions of the Bill it would be considered an unfair industrial practice to take industrial action in defence of the unfair dismissal of a union member.

During discussions on a series of amendments dealing with unfair dismissals and the time allowed for appeal, Mr. Heffer said: "This means that one of the rights that the workers have enjoyed up to now in defending themselves against the shop stewards has, in fact, been taken away from them."

## Government to look again at repatriation clause

By Philip Rawstone

THE GOVERNMENT is to look again at a suggestion that the word "voluntary" should be added to the Immigration Bill in the section relating to repatriation.

Lord Aberdeen, Minister of State, Health and Social Security, told the Lords after a debate on the subject during the Bill's committee stage: "I have been impressed by what has been said and I will draw the attention of the Home Secretary to all of it."

Lady White (Lab.) had claimed that the clause on repatriation would leave the way open to some very restrictive behaviour on the part of some future administration.

## Quite plain

The reason for seeking to amend this clause lay in remarks by Mr. Enoch Powell.

"We have to take his remarks seriously because he does represent a certain section of opinion in this country and he has made it very clear in what he said both in committee and on third reading that he does not accept what we entirely believe to be the attitude of the present Government, namely that these provisions should be used only for those who have been expelled from the country and that there should be no kind of pressure on them."

"It is quite plain that those who hold the views of Mr. Powell wish to make this not just a new clause, but an instrument of policy deliberately to return as many as possible of those who have settled in this country from the new Commonwealth, and to return them from whence they came."

"Mr. Powell makes no bones at all that this is his view of what would be desirable. It is for this reason one must look very much more closely at this clause."

The Archbishop of Canterbury (Dr. Ramsey) said the debate had revealed widespread agreement that it was desirable to help people who wanted to go home. It had also revealed a widespread concern that the desire should be voluntary and this should be made abundantly clear to the general public.

It seemed very odd that there was an unwillingness on the part of the Government to write this into the Bill. He believed its reluctance to do so in itself would cause unnecessary misgivings.

## No need

Lord Brooke of Cumnor (C.) said he thought Mr. Powell had quite right to draw attention to the future dangers of race troubles in some of our big cities rose as it seemed likely to do to one-third or more of the whole.

"I don't know how one can effectively encourage dispersal, but I think it is a much better solution than any form of pressure."

## Pilot study

Mr. William Hamilton (Lab. West Fife) called the figures "derisory results." But Sir Keith told him: "I cannot believe increased income from this week to £3,000 families as a result of one phase of advertising before any payment had ever been made is so discouraging."

of which we have to defend ourselves. There are here, new rights and new remedies for unfair dismissal."

Sir Geoffrey said some Labour MPs tended to reject the value of any courts to decide industrial disputes, and felt that the only kind of sanction to which the worker should have resort was industrial action.

Mr. Stanley Orme (Lab. Salford W) intervened to comment: "In the main this difficult matter can only be resolved by trade union support within the particular factory."

Sir Geoffrey said: "That is an approach rejected by the last Government and the country as a whole."

One despair of reducing the number of strikes, if people reject altogether the idea of setting up alternative machinery without resort to industrial action.

"This Bill does nothing to prevent or restrain industrial action in support of a dismissed worker."

The amendments were agreed formally after a division on one of them in which the voting was 274 to 231 (Government majority 43).

## Helicopters for Scottish air-sea rescue

THE Department of Trade and Industry is to provide long-range helicopters for air-sea rescue off the North-east coast of Scotland, Mr. Anthony Grant, Under-Secretary announced.

Arrangements were being made with BEA Helicopters for it to make available from Aberdeen its S61N helicopters, he said. They would be available for marine rescue work beyond the operation range of Service search and rescue helicopters.

"It is hoped the service will be available from October," he added.

## State help for National Film is "last chance"

By Arthur Sandles

THE GOVERNMENT'S "helping hand" to the National Film Finance Corporation, as it tries to continue as a private venture, is a last chance as far as State aid in this form to the film industry is concerned. If it fails, then that is the end, said Mr. Nicholas Ridley yesterday.

Mr. Ridley, the Department of Trade and Industry Minister in charge of the film industry, was obviously upset that the recent axing of the NEFC as a State-supported agency had been so severely criticised.

Under recently announced proposals, the NEFC is to get a further £1m. of Government money, provided it can raise another £3m. from private finance to form a new film fund. The NEFC has worked out a scheme under which investors in the fund would get returns from the first takings at the box office instead of having to wait until expenses have been covered, as is traditional practice.

Mr. Ridley argued that the industry would be healthier under the new scheme. The ultimate responsibility rests with the producers, who will have to make more of the sort of films the public want to see.

He rejected suggestions that the film industry had been stabbed in the back. Nor did he agree that the policy change might result in a diet of sex in the cinema. "As far as I am aware, the Sound of Music and Love Story have been the most successful films for years."

If the new NEFC funding succeeded in raising the money required and then made profits he did not exclude further Government support. "The door is not closed. If there were a rights issue I am not saying that we would not take up those rights."

Basically, he felt that the Government should not be in the business. However, other Government departments would continue via the Eady scheme (a small part of ticket money from all films goes back to makers of successful British pictures) and the quota system. The Common Market had not changed similar systems in Europe, although there were moves for standardisation.

The NEFC's traditional role has been to take up "end money" in films—the last part of the cash requirement needed before a project can be started. Although it has had many successes it had lost around £5m. on a lending of £30m.—but £2m. of this loss went when it bought British Lion with Government encouragement.

"I think 43,000 households from this week will be very glad this scheme has been introduced."

A pilot study of the take-up was being carried out in September.

"If the supplement fails to reach the majority of those who are entitled to it the Government will have to find a better method of helping them. I doubt whether that will mean we withdraw this scheme. It may mean rearing it."

Sir Keith also said that about 44,000 certificates exempting people from prescription charges were issued in the 13 weeks ended June 23 to those who applied on grounds of income. This was more than ten times as many as during the preceding three months.

Approximately 23m. people were covered by the wide automatic exemptions for children under 15; people aged 65 and over; those receiving supplementary benefit; or family income supplement; patients suffering from specified medical conditions; expectant and nursing

## 7% pay rise for armed forces

BY PHILIP RAWSTORNE

AN INTERIM pay increase of 7 per cent. for the armed forces was announced in the Commons yesterday by Lord Balmell, Minister of State for Defence.

The increase, effective from August 1 this year and payable to all ranks up to brigadier or equivalent, will be taken into account by the Armed Forces Pay Review Body in its first report on Services' pay rates expected next April.

The award will raise an ordinary rating's pay by £1.33 to £20.55 a week, a staff sergeant's after 12 years' service by £3 to £46.06 a week; a captain's pay by £15.7 a year to £2,402, and a brigadier's by £387 to £6,138.

Rates for the most senior officers, introduced in January, are reviewed separately by the Top Salaries Review Body and will not be raised. Nor will the present increase apply to medical and dental officers whose pay is linked to the National Health Service. The last award to the forces was in April last year.

## Increased charges

Retired pay and pensions will also be increased by 7 per cent. for officers and other ranks, except for the most senior officers—who retire on or after August 1.

Lord Balmell also announced that with the increases in pay, there would also be increased charges for all ranks. The rents of married quarters will be raised by 7 per cent., say, to 20p a week for other ranks' quarters and up to £2.24 a month for officers' quarters. The food charge payable by single men and women will be raised by 3p a day to meet higher costs.

## Canada extends facilities for troop training

THE CANADIAN Government had agreed to a 10-year plan for the increased use of Canadian military training facilities by the Royal Navy, Army, and RAF, Lord Balmell, Minister of State for Defence, said.

He told Mr. Philip Goodhart (C. Beckenham) that this agreement confirmed the existing arrangements for the three Services and provided for a considerable extension of training facilities for the Army.

Naval training would be carried out at Gaspetown, New Brunswick, where there were facilities for one Royal Marine Commando with its attendant helicopter squadron to use the base for up to five weeks every year.

The Army planned to start using the training area at Suffield, Alberta, for Battle Group training in June, 1972. Eventually, up to 10 Battle Groups a year, mostly from BAOR, would use the area for live firing by tanks, artillery and anti-tank weapons.

## Apology by Benn

MR. ANTHONY WEDGWOOD BENN, "shadow" Secretary for Trade and Industry, apologised in a statement in the Commons yesterday about a point of order he raised at the end of the debate on Upper Clyde Shipbuilders on Monday.

He said he had given notice that he would seek to try to change one word attributed to him in Hansard during the debate on the Consolidated Fund Bill in the House. The word in Hansard was "merit" and Mr. Benn said he believed the word he used was "meaning."

He had sought to correct this elsewhere. But, said Mr. Benn, the shorthand writers noted clearly said "merit" and the Speaker (Mr. Selwyn Lloyd) had refused to allow an alteration.

Mr. Benn told the Speaker: "I absolutely accept your decision. Since I may, quite unintentionally, have misled you on the point of order, I should like to apologise unreservedly to you and the House."

## Sir Keith not discouraged by 23% take-up of FIS

SO FAR 23 per cent. of the estimated number of people entitled to the family income supplement were from this week receiving benefit, Sir Keith Joseph, Secretary for Social Services, said in the Commons.

Up to July 27, 58,229 claims for the FIS had been received. Of the decisions so far given 23,132 were favourable and 33,301 unfavourable.

In addition over 20,000 families on supplementary benefit had been stopped from being automatically when the FIS scheme started.

He estimated that about 8 per cent. of the FIS awards were in the range of £3.00 to £4 a week.

Sir Keith also said that about 44,000 certificates exempting people from prescription charges were issued in the 13 weeks ended June 23 to those who applied on grounds of income. This was more than ten times as many as during the preceding three months.

Approximately 23m. people were covered by the wide automatic exemptions for children under 15; people aged 65 and over; those receiving supplementary benefit; or family income supplement; patients suffering from specified medical conditions; expectant and nursing

## SPORT: YACHTING

# Britain's Admiral's Cup chances take a knock

BY ALEC BEILBY

BRITAIN'S Admiral's Cup chances took a hard knock at Cowes yesterday when the race committee upheld the protest made by the Australian yacht Koomooloo against the British yacht Cervantes IV, following a claim made by the Australians that Cervantes failed to give way to them when they had right of way at the start of Monday's inshore race, the second of the Admiral's Cup series.

The meeting, called in the early morning was adjourned until the evening so that independent Irish witnesses, who were out sailing in the Britannia Cup race, could be available. The disqualification of Cervantes in Monday's race means that the British team lose the 37 points that Cervantes would have scored and they now hold a mere 10-point lead over the American team, who could score well in the 650-mile Fastnet race which starts from Cowes on Saturday.

Waiting for the outcome of the meeting had made it a long day ashore for the crew of Cervantes, a wait hardly rewarded. Morning Cloud was slipped for the Fastnet race, the start of the Admiral's Cup inshore race, but Arthur Slater's crew in Prospect of Whitby found distraction in sailing, and winning, the Britannia Cup.

Before this year, the cruising yacht race for the Britannia Cup sailed to-day, was one of the two most important events of Cowes Week. The other, the New York Yacht Club Trophy, is traditionally sailed on Thursday but the tremendous increase in participation and interest in the Admiral's Cup series, of which both the Britannia Cup and the New York Yacht Club Trophy were part, have stolen much of the glory from these events.

In order to ensure that the chances of the Admiral's Cup competitors are not spoiled by other yachts sailing the same courses, they are now given the real prima donna treatment, starting their two ocean races ahead of the common throng and sailing their two inshore races completely independent of the rest of the racing at Cowes.

## Lacked lustre

Because of this, to-day's 30-mile race for the Britannia Cup lacked the added lustre that it attracted in the former years when it was part of the Admiral's Cup series. This, in many ways, is a pity.

Even if the champagne sparkle of the event has faded a little due to the absence of many of the Admiral's Cup yachts from the race, the start produced plenty of excitement and tension. The race officers decided upon a long 31-mile course eastwards to the Bembridge Ledge buoy off the east of the Isle of Wight, and then back to the start via the windward start against a strong tide. While the British Admiral's

Cup team reserve yacht Qua III, owned by Donald Parr, a Ruddle Clarke's Quiver VI, slipped out of Cowes harbour a round the end of the starting line to avoid a pre-race battle with the tide. Ted Turner's Americ Eagle, Sir Max Aitken's Crus and Alan Bond's Western Star, Ian yacht Apollo resumed yesterday's battle offshore, taking both the wind and tide while the tide was strongest.

Once in the east of the Solent American Eagle led Crus with Apollo in close attendance while Yankee Girl and Giltana suffering from problems at start, were back among smaller yachts working through the wind. The wind gradually freshened as the east-pointing tide set in and the sail back to Cowich which should have been a long beat.

Here, those lower down the fleet suffered as they had to tuck under the 12-mile leg, however, against a strengthening tide while the leaders had had the tide turned and were able to use the tide for the final run to the finish.

American Eagle led the home, with Crusade and Apollo not far astern, but it was in the fleet that the sole Brit Admiral's Cup yacht race, Arthur Slater's Prospect of Whitby, was stealing the prize. The Dutch yacht Standfast almost identical in size.

# Labour starts drive for East-West defence cuts

BY JUSTIN LONG

THE Labour Party's National Executive is to push into the arena of the party's annual conference at Brighton in October a "priority" foreign affairs objective—drive towards gaining substantial cuts in the NATO and Warsaw Pact defence programmes.

Mr. Denis Healey, a member of the Executive and "shadow" Foreign Secretary, explaining this further development of Labour policy to a Press conference at Transport House last night, said frankly he felt the Common Market issue was distracting attention from important new prospects of East-West co-operation.

Mr. Healey pointed out that a new situation was emerging between the big power blocs and, not least, between Russia and the West—a situation which gave ground for believing that positive proposals should now be put forward.

The statement indicated the course proposed and urged that the first step should be taken in the next 12 months.

out the objectives of this policy for "lifting the burden of armaments and the fear of war," the Executive left no doubt of its intention to push forward its proposals could be lifted into a main issue for discussion at the Brighton conference.

There is no doubt of its attraction for the party rank and file and to the extent that this policy objective achieved a prominent place in the foreign affairs discussions it might help to lower the head of steam in the controversies over the Common Market.

It was stressed at Transport House that the statement was the first such call for progress in this particular field to be made by any European political party.

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# DTI probes "charter flying breach" by officer

BY ARTHUR SANDLES

ALLEGATIONS that an officer of the Department of Trade and Industry had been in some way involved in rule-breaking charter flights, have been investigated by the Department. A senior inspector of the DTI is making the investigation.

News of this came in the Commons yesterday from the Minister for Trade, Mr. Michael Noble. His reply to Mr. Roy Mason, the Opposition civil aviation spokesman, came after Mr. Noble had said that the slightest reason to believe there is any truth in it, said Mr. Noble. Mr. Mason asked: "Have you instituted any inquiry at all into alleged charter flight operations and the possible collusion between ticket shops and the operators?"

Mr. Noble: "It is impossible to deal with any allegation that may come to the attention of the Department, particularly when it is of a very general nature as you now know. If the inquiry produces evidence on which action should be taken, appropriate action would immediately be taken."

There is no such evidence, then quite clearly no report

should be made to this House or elsewhere.

"Our enforcement officers continue to check these charter flights. We have had some success recently in successful prosecutions and we will continue our checks as long as these undesirable features of charter operations continue."

Labour claim

Mr. Leslie Hunkle (Lab. Nunston) claimed that "chaos and pandemonium which these regulations are causing are reducing our airports in this country to second-hand knackers' yards."

"These sets of rules and regulations cannot possibly be continually enforced."

"Would you set about negotiating with the charter operators an agreement with the United States which will give the ordinary man in the street his chance to fly to far-away places?"

Mr. Noble: "Certainly we will continue to discuss vigorously, as we are at the moment, with other countries, ways of stopping the trouble which is arising."

Meanwhile, an MP demands "passengers' charter" in the over charter flights. The came from Mr. Greville Jai (Lab. North West Leicester) who asked for answers to the Commons today.

It urges the Secretary of State, Mr. Davies, to introduce legislation forcing organisers of international flights to return money to passengers if flights are cancelled because of breaches of regulations.

## Tour operator refunds £2,000

LYONS TOURS has refunded full cost over a 15-day Major holiday to a party of 31 holidaymakers who complained that it was a "nightmare."

Two executives from Lyons, based at Colne, Leicestershire, travelled to Birmingham Airport to meet nearly 30 of the holidaymakers who returned—nearly 13 hours late—because of over-booking at the hotel in Palma, they had booked five days at a holiday home in Mallorca, where facilities were inadequate. Finally, half the party went to the Palma hotel and the other half to the Arenal.

A Lyons Tour spokesman said the holiday village had a slightly lower classification than the hotel and this was why money had been refunded.

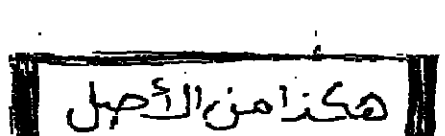
## Scheme to boost palm oil output

PLANS to increase its palm oil output this year by more than one sixth over the £1,500 produced in 1970, were announced in London yesterday by the Guthrie Corporation.

Volume will continue to until 1976 estimated production will be in the order of 100,000 tons processed palm fruit gathered from corporation's own and neighbouring estates.

Guthrie said two palm processing factories are to be produced in Malaysia autumn.

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# The Executive's World

EDITED BY  
DAVID PALMER

# Your Business Problems

Conglomerate mergers seem to be coming back into vogue in Britain. But in America, the monopolies laws are being used to curb this kind of activity

## The great conglomerate bust-up

BY JUREK MARTIN, NEW YORK CORRESPONDENT

ON THE face of it, the settlement announced last week-end between the U.S. Justice Department and International Telephone and Telegraph appears to amount to a 1,000m. dollar draw. Mr. Harold Genseen's ITT, the largest and most successful American conglomerate, will be able to retain control of a 1,000m. dollar a year subsidiary, the Hartford Fire Insurance Company, if it gives up a number of subsidiaries who collectively contribute about a billion dollars a year in sales to the parent company.

Mr. Richard McLaren, head of the Justice Department's anti-trust division, will drop three major anti-trust suits against ITT, all of them dating back to 1969. It amounts to the biggest out-of-court settlement in anti-trust history.

But there is more to the settlement than its terms. ITT is America's most successful conglomerate, and one of its largest companies. The conditions it has agreed on are tough. And since they apply to such a cause celebre they may well have the effect of forming ground rules in the conglomerating game, even if they lack the imprimatur of the Supreme Court.

### Restrictions

The key lies not in the 1,000m. dollar trade-off but in the restrictions that ITT has agreed to abide by in its future merger policies. One of the conditions, that preventing ITT from acquiring a substantial interest in either a domestic water sprinkler company or a domestic insurance company with assets of more than 100m. appears to be similar to the ITT case. The others, however, are far more wide-reaching. They effectively put strong restrictions on the size of companies conglomerates can buy into.

ITT has agreed not to buy up domestic companies with assets of more than 100m.; and not to buy any "leading" company in a "concentrated" market. A leading firm is one with sales of over \$25m. a year, or one holding more than 15 per cent of a total industrial market in excess of 100m. a year. A "concentrated" market is one in which the four leading companies account for more than 50 per cent of the total market.

The 100m. asset limit is not enormous: of the top 500 industrial companies on Fortune

Magazine's tabulations only 19 have assets of under \$100m. An awful lot of companies would, on this score, appear to be safe from conglomerate predators. Similarly, the restrictions on acquisitions in more specialised fields are tough.

In addition, ITT and all its subsidiaries have undertaken not to engage in "reciprocity" in purchasing policies. Reciprocity is a familiar term in anti-trust case law. The Justice Department, in its case against the Canteen acquisition, defined it as a large company's use of its purchasing power to induce others to buy its own products. In the Canteen suit, for example, it was alleged that suppliers to ITT were more likely to give part of their business to Canteen, even though ITT and Canteen themselves were not engaged in mutual trading.

Although a federal judge had ruled that ITT and Canteen were not guilty of reciprocity, the Justice Department has entered into countless reciprocity consent judgments over the years with companies in different sectors in the economy, most notably and recently with several steel companies.

The Justice Department settlement with ITT covers three separate acquisitions—Hartford Fire, Canteen Corporation and the water sprinkler division of the Grinnell Corporation. These three cases represented precisely 50 per cent of the Department's efforts to redefine the applicability of the anti-trust laws now on the nation's statute books to mergers involving conglomerate companies. Of the other three cases, one against Ling-Temco-Vought, has already been settled out of court along lines quite similar to those used with ITT. Another, involving White Motor and White Consolidated, became academic when the proposed merger fell through. The third, concerning B. F. Goodrich and Northwest Industries, is still in the earliest legal stages.

The Justice Department had hoped that it would go all the way to the Supreme Court in order to give the highest legal body in the land the opportunity to issue what would have been a crucial ruling governing conglomerate mergers. Indeed, on Sunday, Mr. McLaren regularly remarked that "while there are advantages to a settlement, I do regret not being able to get a ruling from the Supreme Court." His regret is understandable, for after three years of trying, two of the



Mr. Harold Genseen

ITT cases, those concerning Canteen and Grinnell, were closest to the final arbiter.

The absence of a Supreme Court ruling means that the laws of the United States are now no nearer to defining the ground rules for conglomerate mergers than they were when Mr. McLaren began his campaign as soon as President Nixon took office in 1969. This does not mean that there are no laws: both the Clayton and Sherman anti-trust acts contain a wealth of material concerned with the preservation of competition in American business. But pure conglomerate mergers appear to be outside the existing anti-trust net.

The Administration's initiative on conglomerates has therefore been confined to Mr. McLaren's department and is unlikely at the present stage to go further.

Where, then, does this leave ITT? There is reason to believe it will not be as circumscribed by these conditions as might at first sight be supposed. They apply only to domestic acquisitions. Although ten years ago, before Mr. Genseen got rolling, ITT's income was derived 80 per cent from overseas and only 20 per cent from the United States, the mix has changed radically to the stage when it is now more like 60-40 in favour of domestic operations. If ITT wants to go hunting in foreign markets again (as it may well do), it is free to indulge in this sort of expansion.

Congress, too, has held hearings on conglomerates and has actually passed legislation that somewhat indirectly covers conglomerate practices (such as the one bank holding company amendments). But it has not addressed itself directly to the regulation of conglomerates. At the moment Congress has rather lost its interest in conglomerates since they no longer dominate the business news of the nation in the way they did three years ago.

No wonder, then, that the ITT settlement is a yuletide. It is likely that the guidelines that it embraces for ITT will be challenged if applied to other companies: the Supreme Court problem cannot be kept out of the picture for ever, but until it does, the open season for conglomerate mergers is not over. But these days there are precious few conglomerates around with the sort of money to invest that might give the Justice Department fits.

Conglomerates generally are unimpressive companies fast enough without any prodding from the Justice Department—almost as fast as they once bought them. The testing time for the anti-trust laws has yet to come.

But perhaps more important is the fact that, according to no less an authority than Mr. Genseen himself, the great acquisitive days of ITT (and also of most of the other great conglomerates) are over within the United States.

He said as much earlier this year at Congressional hearings in Washington and he repeated this contention over the week-end when he said: "I have stated at our shareholder meetings and on other public occasions that the company's growth should continue with or without future major acquisitions. This settlement, which affects part of our widespread company, does not materially change that statement." The implication is that ITT, once the greediest consumer of corporations, might now satisfy its domestic appetite with a few small takeovers simply designed to round out some of its product line.

### Predators

But should ITT change its mind it may find itself beaten with the stick of its own settlement with the Justice Department. So may other conglomerates on the merger trail, though only time will tell if this is true. It is now undeniably the case that American companies, through the ITT settlement, have got a pretty good idea of what the Justice Department feels are excessively large takeovers. They had a rough idea before (Mr. McLaren, it will be remembered, said back in 1969 that his division would almost certainly seek to prevent the merger of any two of the top 200 companies in the country, irrespective of whether they were in related lines of business).

Nevertheless, at best the ITT settlement is a yuletide. It is likely that the guidelines that it embraces for ITT will be challenged if applied to other companies: the Supreme Court problem cannot be kept out of the picture for ever, but until it does, the open season for conglomerate mergers is not over. But these days there are precious few conglomerates around with the sort of money to invest that might give the Justice Department fits.

BY OUR LEGAL STAFF

With reference to your reply headed, "Compulsory purchase" (July 14) in which you said that compensation would not be liable to corporation tax, but to capital gains tax when the company is liquidated, in my experience the Inland Revenue seek to assess the compensation in the year it is received. Is this not the correct procedure?

With regard to compulsory purchase the Inland Revenue do assess compensation received from a compulsory purchase as a disposal for capital gains tax purposes under Section 22 (3) (a) Finance Act 1965 apportioning the amounts received between the property, goodwill and any other item on the basis of Schedule 19 (11) Finance Act 1969. It is then possible to roll over the gain as calculated under the provisions of Section 33 Finance Act 1965 against the acquisition of a new asset of the appropriate class.

### Investing in commodities

With the object of achieving some capital appreciation I am thinking of entering the commodity markets, say platinum, silver or nickel, or perhaps precious stones, with a view to realising gains in 10 to 15 years. Can I do this, and if so what tax should I have to pay? How do I take an interest in these markets?

It is perfectly possible to take a 10 to 15 year position in any of the metals you mention. The most common seems to be platinum and silver. Precious stones are also a medium for investment.

Profits on these transactions would be subject to capital gains tax. If there were a number of deals there might be a question of taxing the profit as an adventure in the nature of trade. This position was achieved by the Revenue in the Norman Wisdom case where four transactions were involved.

You can take advice in connection with investment in commodities from Commodity Management Services, 2, Angel Court, London, E.C.2.

### A transfer of shares

I believe it is possible to transfer shares, without employing a broker. If this is so, could you tell me the procedure?

You should obtain a form of transfer from a law stationer. You then have the transfers stamped, in accordance with their market value. It will be necessary to contact the Adjudication Branch of the Stamp Duty Office. Then the transfers will have to be presented to the company's Registrars through an authorised depositary, usually a bank. The Registrars will then register the transfers and issue new certificates for the shares.

### Agricultural rate

I have bought a house with land rated on an agricultural basis and have been told that the property may have to be reassessed if used for private residential purposes only. I intend to rear poultry. If I do this and sell them and their eggs privately, would this suffice to keep the agricultural basis? If I let some of the land to a farmer to put his sheep on, would this qualify? If the land is genuinely used for poultry farming, I think that the agricultural exemption will continue. It would not be sufficient to let the land to a neighbouring farmer, for in order to qualify for relief the land must be occupied by the person(s) carrying on the farming.

### An allowable loss

If I sell up to £500 of securities during the current financial year and make a capital gain, will this affect an allowable loss of £1,000 I have already established?

A sale now with the total consideration of £500 will not disturb previously agreed capital gains tax losses.

### Protection of an idea

I have thought up a children's game, but do not think it would be patentable. How could I protect my idea if I presented it to a toy firm?

If you communicate your idea under the cloak of confidence, then the person to whom you communicate it will not be able to use it; if the firm does so, then they will be accountable to you for the profits made. Of course, the difficulty comes when

the firm alleges that they knew all about the idea already—so that they are working on it something of that nature—but that risk you will have to take.

### No planning consent

I have bought a Joiner and my intention to discontinue it for joinery business, but to enter the merchandising business, selling in addition to timber, builder's merchants products. Is it your opinion that the proposed changes would constitute a change of use of the business premises from the point of view of the Town and Country Planning Act? No planning consent of any kind have ever been granted in relation to the premises.

No, we do not consider that any planning consent for a change of use will be required. It is arguable that there is not in any event, but we think that the use of the premises for the sale of timber, if there is any, and that no permission accordingly required.

### Dissolving a company

What is the simplest means of dissolving a solvent company which has been acquired by another firm?

There is only one answer to this question and it is up. There is no other procedure available.

### No change of user

We are proposing to turn what was formerly a guest house in bedsteads for students, a room to be equipped with electric snackmaker. Would this require any special planning permission?

No, we think that use as student hostel comes within the same use class as use as a guest house, so that there would be no change of user involved, even if you do install the snackmaker.

No legal responsibility can be accepted by the Financial Times for the answers given in the columns. All inquiries will be answered by post as soon as possible. No charge is made for this service except in relation to investment matters.

## Ice brings warmth to motorists

BY SHEILA BLACK

NORMALLY a hater of market jargon, the term Ice fascinates me so much that I rarely watch on the car radio without commenting, aloud to myself, now for some time.

Ice, you see, stands for Ice Entertainment. It could equally well stand for Ice Entertainment, since it is rapidly becoming definitely "in" to quip the car with some pretty witty apparatus. For instance, 5 per cent of all new radio sales are for car installations, nearly a third of all cars (that's

over 3m.) already have radios and the market is rising by some 700,000 units, or 8 per cent, a year. In other words, the Ice market expects to settle down at something like £22m. a year.

That's for all Ice, with radios at average prices running between £33 and £38. Time was when motorists thought £50, including installation and fitting, was a high price for car entertainment. Now there are positive signs of people wanting to spend as much as £150, to include tape players, whether cassette or

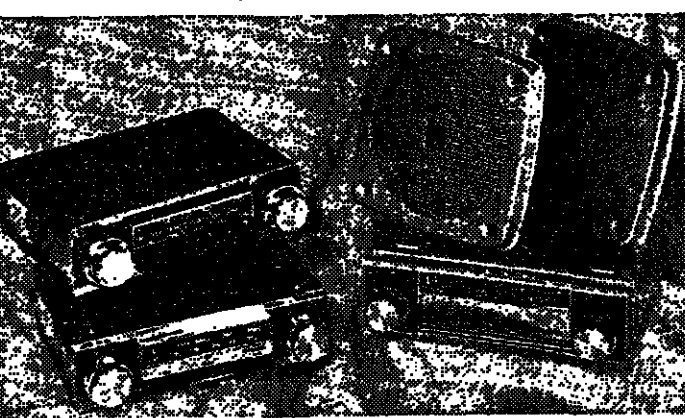
cartridge. Jim Tryon, sales manager of Smith's Motor Accessories Radiomobile division, estimates that at least 70,000 tape players will be sold this year—one for every ten radios, which means a turnover in that sector alone of between £31m. and £3m. Next year, sales could, and should, double if history is a guide. Stereo Ice sells on aural recommendation—and I do mean aural, not oral. Let the Joneses listen to your car stereo, it seems, and they can't wait to be equipped.

The argument as to whether the player should be cassette or cassette is hardly an argument at all. Everybody seems to agree that there is plenty of room for both to develop profitably. Radiomobile like the cartridge—continuous loop combined with

if a dealer sells six cars complete with radios, he has made the same profit as on seven cars. And no debts to worry about, since it all goes on the HP.

No wonder, then, that interest is being aroused. Retailers are aware that lack of retail outlets was a major obstacle to expansion has been holding Motor Trader meetings around the country, getting a big turnout with audiences averaging about 120 dealers per meeting.

The next thing is to get the High Street outlets, the electrical shops, to sell Ice for existing cars—dealers do, after all, cope only with new or second-hand cars and there are plenty of unlicked cars in garages. Retailers are slow to take up car music, and have sold rather more of the Do-it-yourself equipment than the



The Radiomobile range of Ice.

slower recording speed than the cassette does make for better sound and the cartridge itself is easier to post into its slot while you are driving. For both, the repertoire is roughly equal and building up fast. About 85 per cent of all new disc releases are also in cassette and cartridge tapes these days, with all the leading brand names in music now strong in the software field. By 1980, it is reckoned, all discs will be on tape, if that is not a contradiction in terms.

Music keeps children quiet. Shuts up the back seat drivers—and soothes the driver. At least that's what the salesmen say. But a major plus is the way Ice impresses friends and neighbours.

The interesting thing about it is that car dealers are beginning to see that they can actually make the same profit out of Ice as out of the cars themselves. They can stock prototype radios and music players in a really small space, giving the pieces an excellent display. They do not have to carry stock (fitting is done by the Ice purveyor).

The dealer merely takes his percentage which works out at the same, in hard cash, as the profit on a small, popular car especially in the heat of competition engendered by Mr. Barber's easy terms budget. So,

"expert installation" type of unit. DIY is not, however, growing as fast as the expert installation. Too few people fancy drilling holes in their precious cars, whether they be Minis or Rolls-Royces. They like to have that sort of thing done away from home and out of sight. In any case, it does take an expert to obviate interference from the engine.

Radiomobile seems to have the perfect answer for getting retailer co-operation at a time when it is important. Already an established name, with a healthy sale of cartridge players to its credit and an obvious market growth in that sector, it is now making up cartridge players for the home—to be launched next week.

So far, installations of radio and tape players have tended to be in two separate units at two distinct stages—the radio leads the motorist into buying the player. Now the demand is evident for combined units. Soon petrol stations will be stocking the software—Agip started a library in Italy, for lending and selling, and the thing has gone like a bomb. Some of the tapes give language lessons. Holidaymakers hope to try to pick up French as they cross the border. Chilling thought, using Ice for study.

## Business welcomes veterans

BY A U.S. CORRESPONDENT

ALTHOUGH unemployment is still a problem, and other ranks coming out of the U.S. Army are finding a warm welcome in American business.

Officially, about 8 per cent of ex-servicemen are jobless, compared to 5 per cent of the population at large. But many of the 8 per cent are men not actively looking for work, since they have their army gratuities to live on. Also, with the war winding down, men are leaving the service faster than industry can absorb them.

Those who want work generally get it, sometimes having a job even before they are mustered out. A couple of scores of the largest companies take part in the Army's Project Transition, which gives most vocational training in the last six months of their service. Some 125,000 soldiers have received this on-base training.

American Telephone and Telegraph, for instance, has trained 200 men at a single termination camp alone. They come out with a good basic knowledge of telephone installation and line work, both practical and theoretical. The trainees do not have to promise to work for the company after they leave the service and it does not promise to hire them. But most of those trained at Fort Dix have gone to work for the local New Jersey Bell company.

### Classrooms

For its training, AT and T converted a barracks area into classrooms. Outside is a forest of 40 telephone poles to give the men practice in climbing with spurs and doing line work. Even without formal training, the ex-soldier is a welcome sight to many a personnel officer. For one thing, he is trained to take orders and to do what he is told. For another, he is likely to be in good physical condition. His mental condition is also healthy because he is cheerful at being out of the Service. And although this is not widely distributed, he is unlikely to be a strong union man.

Officers are considered particularly desirable for executive training programmes. One personnel recruiter says that two years in Vietnam is far superior to two years in a bank as training to take responsibility and act with initiative.

One point is still not clear. How is business going to compare with the Army in efficiency and the ability to get things done without waiting for a committee to act? And how will a tough infantry captain, accustomed to running his own show, react to being a very junior executive trainee?

## MONTEDISON

### STATEMENT OF ACCOUNTS 1970

On 30th June 1970 the MONTEDISON shareholders met at the Company's Head Office—Foro Buonaparte 31, Milan—for the approval of the accounts for the financial year 1970, which closed with a gross profit of Lit. 47.3 thousand million assigned to the Depreciation Funds and Lit. 20.1 thousand million withdrawn from the "Extraordinary Reserves".

The main items of the Balance Sheet are the following:

#### ASSETS

Industrial Plant amounted to Lit. 1,306 thousand million, with a drop as compared with the previous year of 36.3 thousand million, made up of increases of 157.2 thousand million for the new plant, 16.5 thousand million for plant originating from the Companies incorporated during the year, 53.1 thousand million for devaluation of the capital of certain Companies (including Montepioni & Monteverchio) and for the adjustment of the value of holdings in unquoted Companies to the value of net assets as shown in the balance sheets prior to the end of the MONTEDISON financial year; increases for purchases and capital increases deliberated and approved by Companies in which MONTEDISON has a shareholding. To adjust the purchase price of our holdings, capital reserves have been used for an amount of Lit. 60.3 thousand million.

#### LIABILITIES

The Extraordinary Reserves dropped by Lit. 127.7 thousand million following the utilisation of 60.8 thousand million for the devaluation of holdings, by 60.5 thousand million for the coverage of losses resulting from the elimination of obsolete or inoperative plant, by 20.4 thousand million for integration of the appropriation for the year of the "Depreciation Funds" to bring it up to the technical-economic level required, as well as the further decreases resulting from the rectification of a certain number of ex-SADE shareholders; against this there were increases given by the profit of the previous year and by the incorporations effected during the year. The Depreciation Funds amount to Lit. 577.5 thousand million, with a drop of 57.6 thousand million as compared with the previous year. The decreases represented by the balance between the sum of 127.2 thousand million for the depreciation relevant to the elimination of obsolete or inoperative plant, for plant transfer to SALS and for tax recoveries and the proposed appropriation of 67.7 thousand million, increased by 1.9 thousand million for funds provided by the Companies incorporated during the year.

Passing on to the PROFIT AND LOSS ACCOUNT, it will be noted that:

Sundry Labour costs and charges reached Lit. 311.9 thousand million with an increase of more than 45.5 thousand million as compared with the previous year, mainly due to increased charges resulting from the application of improvements—retributive and regulative—applied to the labour contracts renewed at the end of 1968 and during the early months of 1970.

Financial charges amounted to Lit. 14.6 thousand million. The increase over the previous year is 7 thousand million, mainly due to increased debts towards banks and other subsidiaries and to a decrease in the ENEL active interests.

Depreciation of fixed assets amounted to Lit. 67.7 thousand million—corresponding to the technical-economic quota—on the basis of the proposal to assign the entire gross profit for the year of 47.3 thousand million with an integration of 20.4 thousand million to be withdrawn from the "Extraordinary Reserves".

Sales proceeds amounted to Lit. 609.5 thousand million, of which 163.3 for exports, against proceeds for the previous year of 578.8 thousand million, of which 168.8 for exports, with an overall increase, therefore, of 32.7 thousand million, or about 5.7%. Sales in Italy recorded an increase of 8.8%, whereas those abroad dropped by 2.1%. The highest increases were recorded in the sales proceeds from petrochemical derivatives, chemicals for industry and aluminium, whereas there was a drop of about 6.3 thousand million in the proceeds relevant to the sales of products for agriculture as a result of the difficulties existing on the market for fertilizers, especially as regards exports.

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The Chairman's address concerning the report of the statement of accounts for the year was followed by a discussion in which a number of shareholders took part. The Chairman replied to all the queries raised. The Meeting then approved the statement of accounts and expressed favourable opinion for the withdrawal of Lit. 141.7 thousand million from the extraordinary reserves to be used, as indicated above, as follows: 60.8 thousand million for the devaluation of holdings, 60.5 thousand million for the coverage of losses resulting from the elimination of obsolete or inoperative plants and 20.4 thousand million to integrate the appropriation for the year for depreciation funds.

After approving at a special sitting the modification to Art. 13 of the Articles of Association, the Meeting established the number of Directors as 21. Since the entire Board of Directors handed in its resignation, the Meeting proceeded with the appointment of the following Directors: Giovanni Balloia, Giorgio Cappon, Eugenio Cella, Furio Cicogna, Antonino Compostella, Giorgio Corsi, Camillo D'Amelio, Alfredo Diana, Augusto Erba, Silvio Golzio, Alberto Grandi, Luigi Grignani, Luigi Madia, Ernesto Manuelli, Giorgio Mazzanti, Franco Piga, Bruno Randone, Gino Sferza, Tullio Torchiani, Cesare Tumedi, Bruno Vistentini.

The Board of Directors, at a sitting held after the Meeting, proceeded with the following appointments: Eugenio Cella, Chairman; Tullio Torchiani, Vice-Chairman; Giorgio Corsi, Luigi Grignani, Giorgio Mazzanti and Gino Sferza, Managing Directors.

## BUTTERFIELD-HARVEY

### MERGER YEAR A SUCCESS

Profits exceed forecast:

"A creditable achievement", reports the Chairman, S. A. Roberts, C.B.E.

- \* Both companies exceed merger forecasts.
- \* Profit before tax £924,000 against forecast of £861,000.
- \* Sales of £21.6m up 20% on last year.
- \* Proposed final dividend of 4½% makes 7½% for the year.

"We look forward to the future with quiet confidence".

Copies of the Report and accounts are available from The Secretary, Butterfield-Harvey Limited, Shipley, Yorkshire







# Lockheed: questions which remain unanswered

From JOHN GRAHAM, U.S. Editor, Washington, August 3

AT THE RISK of being branded an anti-capitalist Jeremiah and a technological revisionist, anyone discussing the aftermath of the Senate vote on Lockheed must begin by pointing out that the debates in the Congress, and all the testimony that accompanied it, did not answer any of the questions that occasioned it.

When the Senators finally rounded to be counted, political considerations of the narrow sort won the day (the vote was 49-48). The only pattern that can be detected was that Senators with Lockheed installations or subcontractors' factories in their States voted for the legislation, and those with factories of General Electric or McDonnell Douglas in theirs voted against it. The normal political divisions—Republican against Democrat, North against South, "Liberal" against "Conservative"—went by the board.

This has happened before, of course, but the failure to answer the central questions is particularly important in the present case. The problem can be stated quite simply thus: Lockheed needed the money because it was embarked on a profitable venture; its difficulties were due purely to its cash flow position; and this in turn was aggravated by the drying up of its normal wells of finance. The questions are: how profitable is the venture? What is the cash flow position? And why is there no water in the wells?

Extraordinary though it may seem in such a controversial and precedent-setting case, not one of these three questions was ever satisfactorily answered. Lockheed's cash flow projections remain a secret between the

company and the Government. The profitability of the L-1011 is obscured by the very different projections of the market given by different sources. And the banks, already sunk in Lockheed to the tune of \$400m., never really explained why they would not advance any more money without a Federal guarantee. This was all the more surprising in view of the optimistic market and profit forecasts used by Lockheed and accepted, presumably, by the banks.

## Other buyers

These forecasts are open at the very least to reasonable doubt, given the company's forecasting record and its relative innocence in the commercial market. The official projection is for a market of 775 basic trijet airliners by 1980, of which Lockheed expects to get 409. This figure is made up of 178 already ordered (103 firm and 75 "second buys"), 73 follow-up orders from the present customers, 97 from "high potential airline customers such as British carriers (presumably including BEA), and 61 from other, lower potential buyers.

The weak link in this argument is that while Lockheed is confidently saying it will get well over half the total market, its main rival, McDonnell Douglas' DC-10, already has well over half the total orders so far. There are 223 DC-10's ordered, against 178 L-1011's. Moreover, McDonnell Douglas has a lead of at least nine months in delivery.

Last week it delivered its first two DC-10's to airlines, and

these are expected to go into service this month. Lockheed's first delivery date is April next year, assuming that the company's own financial problems and Rolls-Royce's technical developments on the RB-211 engine do not add to the five months' delay already caused.

Considering that McDonnell Douglas has vastly more experience of the civil aircraft market than Lockheed, that it not only has more aeroplanes ordered but a healthy head start, and that Lockheed has not won an important order for the L-1011 in more than three years, it is entirely legitimate to greet its rosy predictions with a raised eyebrow, however unwelcome this may be in Derby.

Not that the company may not make a profit out of the L-1011 anyhow. The breakeven point is put between 255 and 265 L-1011's, despite a Pentagon analysis last year that said it would need more than 370. Certainly, at 400-plus the company could be making a profit beyond the wildest dreams of all but a few. And even if the eventual share of the market makes for a small profit, Rolls-Royce will unquestionably be in a far, far better position as a result of last night's vote.

## Loss leader

There are many in the aviation business on this side of the Atlantic who believe that the main point about the RB-211 is not so much how much money it will earn from L-1011 sales, but rather its position as the first of an entire generation of high technology engines. The L-1011 could even be a loss



Jubilant Lockheed employees in Burbank, California, as they listened to a news broadcast on Monday which gave details of the Senate vote approving the \$250m. federal loan guarantee which Lockheed says it needs to avoid bankruptcy.

leader for the RB-211—the engine's basic superiority to anything else around is widely acknowledged.

The Lockheed affair, of course, raises larger questions, both for the future of Lockheed and for the American aerospace industry as a whole. Quite apart from anyone's political or emotional aversion to "socialism for the rich, capitalism for the poor," there are dangers in the guarantee precedent. Mr. David Packard of the Pentagon is particularly alive to them, and has warned against them, as has Dr. Arthur Burns of the Federal Reserve. However,

they do not seem very real, and are certainly not imminent.

Lockheed was a special case, in that it was the biggest defence contractor in the Western world, and its losses on Government contracts left all other contractors standing. Even though the L-1011 has been alive, more or less, for three years, of Lockheed's total sales of \$2,536m. last year, 90 per cent. were to the Government. After writing off \$190m. before taxes, the company had a net loss of \$86m. It last paid a dividend in 1969, and yesterday said that it was passing its dividend yet again.

Its problem, shared by many aerospace companies, is known as conversion. As the Pentagon budget declines and the Vietnam war withers away, all those companies which got fat on the build-up have to find other business, and if President Nixon honours his promise to turn America from a wartime economy to a peacetime economy, this trend will intensify. Anyone who has visited Southern California or Route 128 (the high technology breeding-ground outside Boston) knows what this means.

Converting from Government business to the private marketplace is not proving easy for the industrial giants. When you are dealing with the Government, you can rely to a certain extent on the Government's rescuing you if things go wrong. Lockheed, after all, is far from the only large contractor to experience breathtakingly vast cost overruns. The Government must have its aeroplanes, or rockets, or tanks or whatever, even if it more or less takes over the production run, paying all the bills on a weekly, or even daily, basis. The company may not make a profit, but it stays alive.

I spoke yesterday to a high-level and very experienced industrial consultant, himself a scientist and businessman. His firm acts as a midway between business and Government, between one company and another, domestically and internationally. For obvious reasons, he wished to be anonymous. His argument was that small and medium-sized companies can often make the conversion, but the big ones can't. You find a great difference, he said, between the top management—the senior ten or 20 men, say—of a company like Lockheed and a predominantly commercial company like Dupont or General Electric.

## Risk-taking

Those who have been bargaining with the Government cannot manage the risk-taking, the financing, the distribution needed in the private market.

The technical men can be trained, the managers can't.

In short, the loan guarantee to Lockheed must be seen as holding operation. The financial difficulties—primarily how to finance high technology enterprises without sound taxpayers—have not been to vanish, as both America and British taxpayers know well.

## A success

Clearly the Lockheed is a political success for President Nixon, and for Mr. John Nally, who was put in charge of it. It is also a triumph for Mr. Haughton, chair of Lockheed, who has succeeded in juggling several balls in the air at the same time. The U.S. administration is spared effects of increased unemployment, and the Senate vote have come in handy for Heath too.

So Lockheed and Rolls-Royce live to fight another day. The word in the plane business is that Douglas is a tough customer and the airlines are tough customers, especially when haven't got much money.

Lockheed no longer has a fear of imminent bankruptcy, for in itself raises the question which has, of course, been a recurrent one to which we shall have to find an answer: Should a company come to the rescue company in such a way prevent bankruptcy, thus drawing the final sanction of the free enterprise system?

## Labour News

### P.O. Giro strike ends in pay pact

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE PAY STRIKE by Post Office computer staff ended suddenly yesterday with an agreement under which union leaders claimed that Mr. Bill Ryland, the Post Office chairman, had virtually conceded their claim in full.

The strike began on Monday over a dispute involving 700 computer staff at the Giro headquarters in Bootle, Lancashire, and at Post Office computer centres. Because it has ended so quickly its effects have been only marginal and the backlog is expected to be cleared quickly. The computer centre staff concerned supervise computer handling of telephone accounts, Post Office payroll and cash flow. Talks on Monday between Mr. Ryland and Mr. Alistair Graham, national officer of the Civil and Public Services Association responsible for Post Office members, failed to settle the dispute, but a further meeting was initiated yesterday by the Post Office chairman at which the agreement was reached.

#### Scale-shortening

The union said afterwards that the Post Office had conceded its claim for a 9 per cent. increase—compared with the original offer of 8½ per cent.—and for a shortening of the senior machine operators' pay scale to ensure no supervisor would get paid less than the grade he supervised. It added that this scale-shortening gave pay increases of

12.7, 16 and 20 per cent. to those operators on the three lowest points of the scale, with the actual amounts they would receive ranging up to £4 a week. The 9 per cent. increase at other points of the scale would give increases of about 2½ a week.

The increases would be backdated to January 1, and the pay range of the operators would now be from £1,142 to £1,334 a year. This meets all but one of the points in the claim lodged by the union, which is now calling for normal work as from to-day.

Mr. Graham said last night after his new talks with Mr. Ryland: "It is a pity that a strike had to take place to rectify a silly situation in which members of a basic grade were getting more pay than their supervisors."

#### RISE FOR 10,000 FABRIC WORKERS

An agreement signed by the Narrow Fabrics Federation and the General and Municipal Workers' Union will give 10,000 workers in the narrow fabric section of the textile industry a pay rise.

Adults will get an extra 5p an hour from September 6. On the basis of the industry's 40-hour week it will mean an additional 22 a week. Young workers will get proportionate increases.

### Scanlon in team for union merger talks

BY OUR LABOUR CORRESPONDENT

ENGINEERING section leaders of the Amalgamated Union of Engineering Workers yesterday appointed a high-powered team to represent the union in its merger talks with the Electrical and Plumbing Trades Union which could lead to the formation of a body replacing the transport workers as the biggest union in the country.

The engineers will be represented by two Left-wingers, Mr. Hugh Scanlon (president) and Mr. Bob Wright, of the national executive, and two Right-wingers, Mr. John Boyd, the senior executive, and Mr. Jim Conway (general secretary). The electrical team on the joint working party will comprise Mr. Frank Chapple, general secretary, and two members of the union's national executive.

**Surprise moves**  
The merger moves, disclosed in the later editions of yesterday's *Financial Times*, have taken many union leaders by surprise because the engineers are regarded as being on the left and the electricians on the right in trade union politics.

But if their negotiations succeed the main impact of amalgamation would be felt in the engineering and electrical supply industries. The present combined membership of the two unions is about 1.8m. compared with the transport workers' present 1.6m., but they too are expanding rapidly through recruitment and mergers.

Mr. Scanlon's union has in recent years approached all the other unions in the engineering industry, unsuccessfully in some cases, and is at present having talks with the National Union of Sheet Metal Workers' Copper-Smiths, Heating and Domestic Engineers and the National Society of Metal Mechanics.

#### Now Natsopa rejects NPA pay offer

By Our Labour Correspondent

A SECOND union representing printing workers on national newspapers has rejected the latest pay offer by the Newspaper Publishers Association.

The executive council of the National Society of Operative Printers and Assistants (Natsopa) decided yesterday that the offer was insufficient to cover the rise in the cost of living. It will seek a further £1 a week increase on basic rates in addition to the £1 already on offer. In addition, the NPA has offered to consolidate into basic rates—in two stages—the present £1.10 cost-of-living bonus.

As already reported, leaders of the National Graphical Association have already said they cannot recommend members to accept the offer in its present form, and both unions are seeking new talks with the publishers. Other Labour News, Page 12

## Airlines in new effort to break N. Atlantic air fares impasse

BY RAY DAFTER

TOP EXECUTIVES of all airlines operating on the North Atlantic were meeting in Montreal last night in an attempt to end the impasse at one of the most difficult and protracted air fare negotiations ever held.

An outcome of the meeting could be directive to their negotiators to come to some compromise agreement over the fares package within the next few days. If agreement cannot be reached on this course of action, however, the airlines will abandon this session of negotiations, which started on June 29.

Such a move would present the airlines with two possible alternatives: meeting again in an attempt to thrash out an agreement, or putting aside any hope of a settlement, leaving each airline to put forward its own fare proposals to the relevant Government bodies.

#### Cheap fares

If agreement is not reached this week or at some later date, it is expected that the larger operators will attempt to introduce some form of advanced purchase excursion (APEX) fares.

It is also widely felt among airlines that if such a move is successful the smaller operators will follow suit to remain on a competitive footing.

As reported on Saturday, the airlines have taken up majority positions over various fare proposals presented at the International Air Transport Association conference. As different airlines form a majority on individual proposals it has been difficult to reach a unanimous decision on the entire package.

Four airlines in particular—Pan American, Trans World, British Overseas Airways Corporation and Air Canada—have been leading the campaign for the APEX fare at possibly \$200 (about £83) and they are likely to apply for such fares with or without the agreement of the IATA conference.

While various other cheap fare proposals have been put forward

as a means of attracting more passengers, there seems to be a good deal of agreement among airlines that the normal first and economy class fares will remain about the same as at present.

Other proposals submitted as constituents of the total package include 14- to 25-day excursion fares; 29- to 49-day excursion fares; affinity group fares for groups of 30 to 40 in the summer and smaller numbers in the winter; affinity group fares for large groups; fares for 14- to 21-day group inclusive tour passengers in the summer and shorter terms in the winter; and youth fares.

In addition, some airlines have proposed "senior citizen" fares as a counter to youth fares, and special low fares for passengers attending conferences and conventions.

It can be seen that if agreement is reached the package will be complicated. Airline negotiators have been faced not only with deciding which of the proposals would be good for business (and which they could afford to operate) but also with working out details of individual schemes. Those would include conditions of eligibility, the period for advanced bookings and provisions for refunds to passengers who miss their flights.

Although failure to agree on a package could theoretically provoke a price war, it is unlikely that the airlines, in their present economic state, will try to "go it alone" with really large fare reductions.

#### Other routes

It would, however, put airlines operating other routes in a difficult position when they come to work out fares at their Miami conference in a month's time.

Traditionally, the decisions of the North Atlantic carriers have influenced the negotiations of the other airlines. But because the North Atlantic conference was expected to be difficult this year, it was separated from the remainder of the fares talks.

Once again the airlines plan

## MANCHESTER JOBLESS

Sir John Eden, Minister for Industry, is to visit Manchester on September 20 to investigate problems created in the area by growing unemployment and particularly the situation caused by the threatened closure of the British Steel Corporation's steel works at Openshaw, where 600 workers are due to lose their jobs next month and another 145 employees face possible dismissal.

Sir John's decision to make an on-the-spot investigation was revealed in a letter to Mr. Morris (Lab. Openshaw).

## Barber in Belgian talks

BY OUR FOREIGN STAFF

BARON Jean-Charles Snoy et d'Oppuers, the Belgian Finance Minister, yesterday met Mr. Anthony Barber, the Chancellor of the Exchequer, for talks on the international monetary situation. The Belgian Minister was accompanied by M. R. Vandepitte, Governor of the National Bank of Belgium, and the two men later called on Sir Leslie O'Brien at the Bank of England.

No communiqué was after the one-day visit. But understood that the talks centred on the continuing tensions international monetary and on the chances of financial solution before the annual meeting of the International Monetary Fund next month. Particular reference to development of the ECU Community.



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computer—and more. It is a vital management tool which can immediately come up with all the answers on a visual display unit when you need them—without disrupting any work the computer may be doing. A Melcom can be made to grow as your company grows. Its basic memory of 12,000 digits can be expanded on site to nearly half a million. Right now, Melcom System can offer immediate delivery. So there's no time to lose. Get on to them today and find out what it's like to deal with a company that lives and breathes compact computers.

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## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## New style Eurobond loan floated by ECSC

BY PETER TUMIATI

WAS confirmed here to-day four Italian institutional investors—the RAS Insurance Company through its financial subsidiary Società Finanziaria Assi-ativa, La Centrale, Invest and Alcantara—are the underwriters of the bulk of the European Coal Steel Community's unusual \$15m. Eurobond issue. They reported to have underwritten thirds of it, while the fifth underwriter is the Kredietbank of Amsterdam.

The 15-year ECSC loan carries a coupon of 6.5 per cent. One of its main characteristics is that holders will be able to take interest or capital repayment either in dollars or in French francs at the holder's option. The loan is of exchangeable nature, a hedge against a possible devaluation of the dollar is therefore being offered. It was said that this option may be being the ECSC to save as much as one per cent on the interest rate offered. If the loan is taken up, it will be the first of its kind in the Community's history.

A significant aspect of the ECSC is that two thirds of it is underwritten by Italian institutional investors, cutting out customary bank links. By bidding paying a commission to banks they are said to be making a substantial saving. The reason why ECSC loan

stock, like the European Investment Bank issues, is considered particularly desirable by Italian investors is that it is tax free by law in Italy.

Control of one of the four Italian underwriters, La Centrale, was recently acquired by a group headed by Hambros Bank. The group acquired all the shares belonging to the members of the

## International Nickel earnings down

BY OUR FOREIGN STAFF

EARNINGS of the International Nickel Company of Canada, Limited for the first six months of 1970 were \$66.6m. compared with \$64.5m. for the same period in 1969, or 3.3 per cent. Common shares, compared with \$102.4m. or \$1.37 a share, for the first half of last year. Mr. Henry Wingate, the chairman, announced yesterday. Second quarter earnings were \$36m. or 38 cents a share, compared with \$37.9m. or 78 cents a share, for the corresponding quarter of 1969. First quarter earnings in 1970 were \$36.6m. or 40 cents a share.

For the first six months of this year, total sales totalled \$445.5m., compared with \$440.7m. for the first half of 1969. Second quarter

sales were \$211.4m. in 1970, compared with \$206.6m. for the corresponding quarter of 1969. International Nickel's board of directors, at its meeting yesterday, declared a quarterly dividend of 25 cents a share, payable September 20 to shareholders of record August 23. Dividends of 40 cents a share were paid on June 21 and March 20 of this year and on December 21, 1970, when a year-end extra dividend of 10 cents was also paid.

The action in reducing the dividend was taken because of the sharply reduced net earnings at a time when the company faces a continuing heavy demand for cash.

## VW and Daimler-Benz to merge Spanish production

BY CHRISTOPHER LORENZ

FRANKFURT, August 3.

VOLKSWAGEN and Daimler-Benz have agreed to merge their separate Spanish operations into a joint subsidiary. This is the first time the two West German automobile companies have pooled their production resources, although they already have a joint assembly company in Indonesia.

The plan has not yet been approved by the Spanish Government, but it is expected to be put into effect in the autumn.

The move will have on the two companies' operations outside Spain, but it seems inevitable that it will necessitate close co-ordination between VW's Wolfsburg headquarters and Daimler-Benz in Stuttgart.

According to a Volkswagen spokesman, the new company will be given an official name, will produce a range of small commercial vehicles. There will be three basic models, with a loading capacity of between 1,000 kg and 2,500 kg. The new venture will also take over the import and marketing of VW and Daimler-Benz vehicles.

The plan involves the merger of two companies, Cispa and Imosa. The Spanish Government, through INI, its industrial holding company, is holding shares in Imosa, while VW and its subsidiary Audi NSU holds the other half. The Spanish stake in Cispa is 49 per cent, while VW and Audi hold 51 per cent. The size of the Spanish stake in

the new joint company has not yet been decided.

The German companies' move follows a difficult year in the Spanish motor industry. In 1970 Cispa's turnover was DM74.9m., an increase of 3.9 per cent on 1969, while Imosa sold 5,923 vehicles.

## Short-time at Krupp

BOCHUM, August 3.

FRIED. KRUPP Hoesenwerke AG said it will introduce short-time working at its Hoesenwerk and Bochum works at the end of this month because of the poor order position in the West German steel industry.

It said that about 870 men will be affected by the measure which will cut their working week to 26½ hours from 40 hours. It gave no indication as to when full time working will resume.

Reuter

## GHANA BAUXITE RIGHTS FOR VALCO

ACRA, Aug. 3.

THE U.S.-OWNED Volta Aluminium Company (Valco) has been given prospecting rights for bauxite deposits in the Volta region of Ghana.

The prospecting rights were granted by the Ghanaian Government, Minister of Lands and Mineral Resources, said to-day he had sent a letter of intent to Valco to this effect.

The Japanese Light Metal Smelters' Association recently submitted a detailed study for the development of the deposits and, Mr. Brodie-McCormick, a Hungarian group had also expressed interest in the project.

## INTRABANK CHANGES NAME

BEIRUT, August 3.

INTRABANK said the name of the bank has been changed to Bank al-Machrek (The Levant Bank), and the financial investment company's name changed to the Intra Investment Company, following shareholder approval.

The name change is effective immediately and will apply to the bank's branches in London, Paris and Beirut. The capital of the bank will be raised to 15m. Lebanese pounds from 10m.

The decision was taken because Intra had been regarded as a difficult name following the bank's difficulties in October 1968 as a result of a run of withdrawals and lack of cash liquidity. The company runs all Intra Bank investments in Lebanon and abroad.

## Others

● ASAHI GLASS will pay unchanged dividend of 16 per cent at annual rate for six months ended June 30. After-tax profit rose to Yen 3,540m. in 1969, 4.836m. in previous six months, on lower gross sales of Yen 69,170m.

● BRIDGESTONE TIRE CO. in Tokyo said after-tax profit fell to Yen 3,025m. in six months ended June 30 from 4,070m. in preceding half-year on gross sales of Yen 71,589m. (Yen 80,394m.). Company declared unchanged dividend of Yen 5 for the period.

## BRIEF

## Europe

● CALVO SOTELO, Spanish steel producer, is planning to build a new plant at Puertollano, Spain.

● WESTINGHOUSE SA (formerly WESTINGHOUSE) is planning to build a new plant at Puertollano, Spain.

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Financial Times Survey

# Home Heating

## Achieving happiness for the greatest number

by SHEILA BLACK

A mild outbreak of incompatibility is threatening my office, with daily houses four northerly-tolerant females.

The cause of the trouble is expensive and highly-efficient air conditioning, recently installed throughout the office and switched on just before the heatwave began to be tolerable as a working atmosphere.

It is wonderful, this coolness and it's silent, too. I revel in it. But—one of the girls as it and the other two are rays cold. Draped in cardigans or coats, they sit in misery, hating for me to go out so they can switch it off. Then I come back, support the unheated air as long as I can and in longing for them to go home so that I can settle down work in what I consider to be a pleasant temperature.

Well, one assumes, sort of out eventually. They will have to wear sweaters, won't they? The story is relevant in an article of this kind, because the Sprat situation is one that is cropping up more and more regarding central heating. At home, there is a good deal of agreement on what the temperature should be. Separate electric fires or other heaters give us some flexibility. Filled Electrolux radiators used for gentle background warmth and the thermostat is present for various rooms, as the times of switch-on and switch-off by Smith's Autotest, or us, this happens to be the system—and it is also the expensive we have used, the way.

### Separate controls

It would be expensive impractical for some houses. The central supply of heat, radiated by various means to various outlets, is right answer for the ority, whatever the fuel supplies the heat.

Each year, my outline of the to look for when buying heating system are pretty along the same lines. Now I must say—as a result of my own experiences written to me—that separate perature controls for each a are as important as time s and the other things h have come to be standard pment on all systems. The ral thermostat which tras the whole house is out ate. It is worth the extra to each person happy.

There are other problems. al research has shown that al heating can make le out of sorts, even had pered. The reason is the ng of the air. We must, it s, cool or humidify our med air (cool in the sense of ying it, not reducing it to degrees).

he effect of dry, heated air e same as the effect of e stifling, pre-thunderstorm ds. Why, you may ask, all this just been discovered a heating has been pro d and accepted so enthusi ally for so long?

he answer is that people e really only been thinking it recently—people apart those few who make humi s and air purifiers and the

at is, however, only part of answer. The other part is heating has now become r. By that I mean that, as e get used to the idea of le all-over home heating, e begin to take it for granted, e they turn up the heat to f that much hotter, and so es on. There is a satura level, but it is much higher, rule, than people realise at rds of 65 to 70 degrees. At point, background heating mes anything but. It be s obtrusive, aggressive, r than gentle and com ing.

we get the different ons of different people. kind of thing is sionously important whe come to choose your heat system. I have always main d that too little attention is to the psychology of the e who have to live with



An optional extra to the Lennox warm air central heating system is this electrostatic dust filter which cuts down on the amount of dusting necessary in the home.

heating. It must not spoil what is now always called the environment. Heating must not be noisy—well, it still is, in spite of modern methods, if you choose the wrong system for your home.

Heating must be flexible. Older systems are hard to convert to complete flexibility even with room and other thermostats and controls. The old-fashioned idea, when controls first began, was that one had highly-warmed lower, or living room floors, with cooler bedrooms. Rather nonsensical, since one is expected to be rather less dressed in bedrooms than in living rooms most of the time.

On this subject of psychology, my personal ideal would be some invisible system. Ducted air, for example, or underfloor heating. Neither foists on one of those bulky radiators or other heat sources which have to be placed, more or less regardless of environment, just where you would rather have the piano, another occasional table or your favourite armchair.

My favourite no-appliance heating is ceiling heating. On the whole, I cannot mention names or this article would be packed with them; but I am unrepentant about mentioning Fixel, which warms the whole ceiling but adds to the visible in any room only one thin wire up one corner. Reasonable in running costs, warming like a blanket yet gentle and easy to live with, it is exactly what I would choose. In a new house.

And there's the crux. The majority of the best systems must be put into new houses—Fixel goes above the ceiling plaster, for instance, and underfloor heating under the flooring. Ducted air, too, is part of the construction. Well, you could take the ceiling down and start again, I suppose.

### Whole house

Since most of us have to heat existing houses, that is rather the end of that. And, because that is the case, most people think in terms of radiators or other heat sources rather than warm air and more sophisticated methods.

Then there is the question of whether one heats the whole house or only a part of it—leaving out, say, rarely-used guest rooms, studies and the like. The answer to that is to try to heat the whole house because you never know when you may want to put an unheated room or area into use. Economics obviously are the deciding factor—most partially-heated homes belong to people who originally longed for whole-house heating but found the bank manager or their common sense (allied to their budgets) in disagreement.

The point about whole house heating is that it is normally

more economical to run—the warm rooms have to "feed" the cold walls and rooms in partially heated homes. The other point about heating is, by the way, that running costs tend to be in direct relation to installation costs. Spend a lot on the right system—and some money on getting the best advice as to what is should be—and you will be pleasantly surprised by the bills.

### General complaint

Relatively, that is. The cost of all fuels has become, like everything else, comparatively astronomical. The general complaint is that heating costs between 30 and 40 per cent more now than it did two or three years ago. I think part of the increase is accounted for by the fact that people do definitely want more heat more often.

Small units for supplying heat are the next best thing to "invisible units." For example, the Abergas mini "boiler" for natural gas is one. Another is the Tronicair unit for electrical warm air systems, which is an advanced electronic development.

The bewildering jumble of names and claims that surround heating systems are hard to rationalise. It is worth going to experts like those at the Heating Centres, or like major stores and installers who have no axe to grind with any one fuel or system. The Heating and Ventilating Engineers Association has published guides to good practice for its members and works with them on a two-year guarantee scheme. A guarantee scheme is absolutely essential when new heating is installed. The cost of correction or repair can set you back nearly as much as the original system if flooding ruins furniture and carpets and you suddenly find the insurance policy doesn't cover this kind of flooding.

It is well worth going to special heating exhibitions, such as those run every September by the Council of Industrial Design, before making a choice. It is certainly well worth shopping around. It is also wise to throw out preconceived ideas about what fuel you like or dislike. Nearly every fuel can feed nearly every variant of every different method.

The golden rules are these. Count your annual budget; decide what you can afford. Then add 50 per cent to it. That is going to be the likely outcome. I am not being cynical, but you will become extravagant when you once get heating.

Then count up what you can afford in installation costs. That must include any loan agreements, of which the instalments need to be taken into mental account with your running costs.

Don't be too frightened by the apparently awful totals. The

sum of the initial cost of all those old fires, convector heaters, radiators and the rest that now heat the home rather inefficiently will stagger you if you stop to add it up.

The sum of their combined running costs would stagger you too. Now what you are doing is buying the whole package at once. Don't, as a result, be too critical of what sounds always too expensive.

Do remember the psychology. Avoid noise or anything else, however small, about any system if it is going to irritate you. Remember how each room (or person, if possible) is going to have different requirements.

Think of how your family lives—by day, by night, by odd hours, needing instant high heat or prolonged but gentle background heat. There are different heat requirements for different people.

Think of how long you expect to live in the house and work out how much the new system will add to the resale value. As a rule, it adds little to the actual market value but it does make the house much more readily saleable.

Do not despise "portable" systems—as I said, mine is reasonable to run and eminently satisfactory in every way. Besides, portable appliances attract no rates while fixed systems raise the rateable value. I got a rate reduction when I had the fixed system (which did not suit me) removed in favour of portable pieces. And you can take them with you.

Do not get the idea that electricity is always expensive. It is often cheaper to instal, for one thing, though not always. The white meter tariffs may make it cheaper than the next system you can think of. Get advice from your local Board. Do remember that you have to pay standing charges for gas and for electricity. So add the standing charge of the gas to your calculations when you start counting up the running costs of a gas system (unless you already have gas and so the standing charge is automatically discounted). You are more or less bound to be paying an electrical standing charge anyway.

No standing charges for oil and solid fuel. But, and do not forget it, add the service cost—whatever your fuel choice or system installation—to your running costs. Most firms will tell you what the annual, contractual service charge is.

In other words, you are not just doing a wise man's exercise, buying your system with your head. You are, to some degree, buying with your heart as well because you have to live with the results. The rewards are, as long as you have the right system, wonderful. A cold house is misery. A warm one is home.

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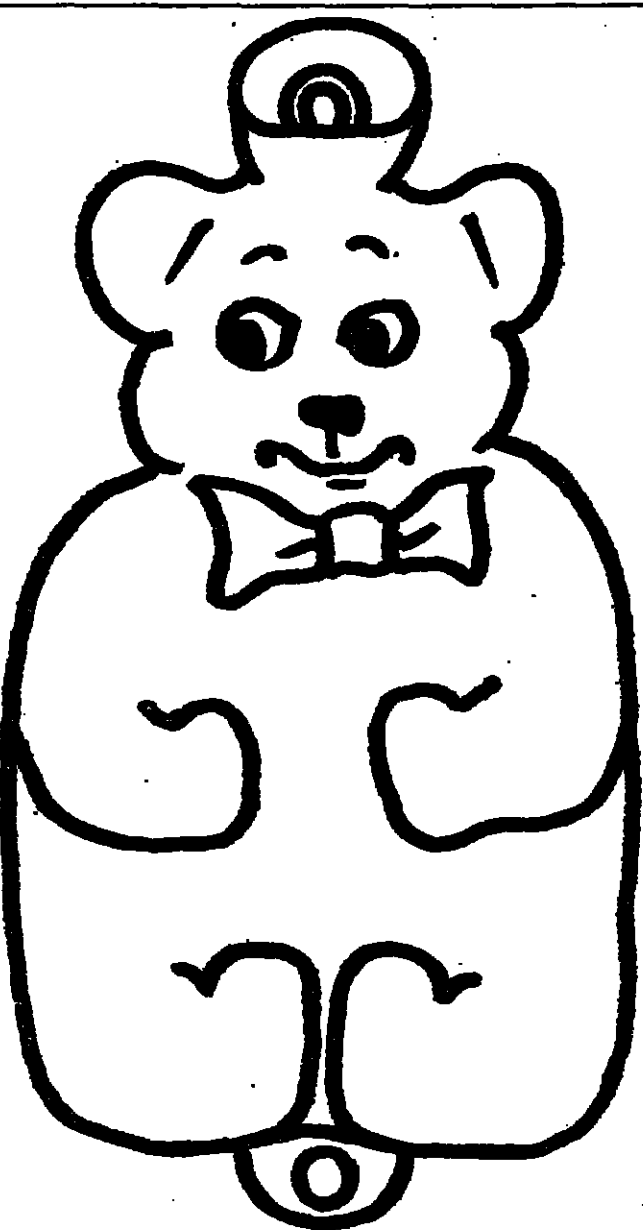
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## HOME HEATING II

# Increased acceptance of need for better planning

By ANDY McELROY

Innovations in domestic heating in the British Isles are bedevilled by the fact that the Englishman's (in the widest sense) castle is still better at keeping out intruders than the weather.

Ever since central heating ceased to be the sinful luxury that dare not speak its name for a nation brought up on uncontrolled quantities of cold, moist air, designers have been introducing systems aimed at making homes entirely comfortable with as little labour as possible. Most of these have, in the past, fallen on stony ground. From the thermal point of view, 90 per cent of British homes leak like sieves, useful, incidentally, for bringing on the gladioli but expensive and disappointing in their prime function.

Generally speaking, as customers for central heating we British have in the past only been prepared to consider it when there is ice in hell three feet thick. But in the past five or six years, fortunately, there has been an increasing acceptance of the planning and expense needed for a satisfactory system.

Package deals, where the radiators and boiler are supplied at a fixed price in a system suited to the needs of the householder have helped this change in attitude, but such installations are tailored to the number of rooms and nothing more. In this respect they have led to much disappointment among users.

### Major change

However, comparatively small improvements to the basic systems have worked a major change. Radiator-mounted thermostats, or individual controls in each room, mean that the comfortable temperature for the type of use can be determined by the owner.

Although the cost of such an improvement is low, it gives, in addition to regulated temperatures, lower running costs and the guarantee that the boiler will not be working flat out to maintain unused bedrooms at 75 degrees Fahrenheit

while the occupants of a sitting room shiver.

Running costs are, of course, a major factor in the householder's decision as to which type of system he should use. Fuel prices vary considerably and each of the suppliers makes great play of this, if they can, in their advertisements. But fuel costs need not be a prime consideration, and in the right circumstances a potential buyer can choose largely on comfort and ease of use.

### Plastic foam

Properly insulated houses need very little heat to keep them warm, and to-day there is absolutely no reason why almost any house built in this century should not retain a very high proportion, comparatively speaking, of the heat generated within it.

For example several firms, including ICL, run a service which will inject plastic foam into the cavity between the two brick leaves in a house wall. Other firms, will for a modest fee, weatherproof the doors and windows so that they are almost completely airtight. Yet other companies, at times apparently running into thousands, will offer to install double glazing.

Double glazing should be the last step in an insulation scheme, however, since heat losses through walls and roof are much more severe. For a conventional, detached, four-bedroomed house, all this, with the exception of double glazing, can be done for rather less than £300, even allowing for a high specification. At this stage, it matters little what fuel is used.

This is demonstrated convincingly by the number of Scandi-



avian houses, well insulated but subject to more extreme cold than is common in Britain, which are heated by electricity, comparatively as expensive there as here.

Another demonstration is afforded by the electric radiant ceiling heating now gaining favour in this country. Such systems, generally more suitable for new than existing dwellings,

are typified by Flexel, which uses a conductive sheet placed between the ceiling and a layer of insulating material. Radiant ceiling heating is an extremely comfortable system, it is entirely clean and, since the heat is generated in the person sitting in the path of the radiation, it allows a lower room temperature to be tolerated, giving lower fuel bills.

In a certain building development in the Home Counties, it has been shown that, in identical well-insulated houses with the same pattern of usage, the difference in fuel costs between radiant heating by electricity and gas-fired warm air is trivial. Both of these latter systems score over "wet" installations where the heat is transferred

Double glazing by the use of insulated glass prevents heat loss and eliminates cold from the window. But heat losses through the walls and roof can be much more severe.

Continued on next page.

## Controls can both save money and improve comfort

By DAVID THORNTON, Director of Sales, Residential Division, Honeywell Ltd.

Do controls matter? Do they really save? If so, why do they, and what are the best ones to use?

These questions or others very similar, get asked wherever the subject of controls comes up. But as with so many other aspects of consumer products, it is virtually impossible to give simple answers to what are essentially highly complex technical relationships involved in controls theory and practice.

Basically, there are two types of controls. Those that switch on appliances for safety purposes like automatic gas controls and oil burner controls. You see these on the appliance itself. But they are only there for safety and by themselves will not save on running costs.

The second type of controls—the ones that save—are for varying the temperature of water, room air and so on. They are sometimes called secondary controls—though a better term is comfort controls because they affect the comfort of the individual. And in so doing they can alter the consumption of fuel, and avoid unnecessary heater or system operation.

Comfort controls vary a lot in their appearance, performance and application. Picking one's way through the maze of products seems a daunting business but a few pointers may be useful.

Some manufacturers make only a few or even just a single control device; their main interest may be products quite divorced from the business of controls. Others make a full range of products and are well established in the industry. So reputation can be a guide.

### Room thermostats

Then the products can vary a lot in performance. Actually, price, by itself, is not always a guide. Two units, room thermostats for example, can be apparently similar, but may perform quite differently on the same heating system. Every thermostat works best on an application for which it was designed. So if you have a small bore radiator system, do not select a thermostat that is designed for controlling the heavy currents of underfloor heating.

That can be one reason why otherwise excellent heating installations do not give satisfaction, getting too hot, then too cold.

Another reason for the variety

of controls is that a system's control needs can vary widely depending on the system itself, the house and even the family.

The shape, location, and orientation of a house, for example, can pose problems if just one thermostat is used to govern the whole of the installation. The sun, or a convivial dinner party, can rocket the temperature in a room; and if that is where the only thermostat is also located, temperatures in the rest of the house will drop like a stone.

Zoning of individual rooms, or areas, is an obvious answer. This solution has the advantage of being able to vary the heating patterns from one zone to another—useful for bedrooms, teenager's study areas, nurseries and similar special areas.

### Various methods

An extra room thermostat switching a control device which governs the flow of heat to the zone is one technique. Individual temperature control of radiators, by means of thermostatic valves, which take the place of the normal hand valve, is another method.

Another factor of comfort control leads directly to cost savings. This is most important because if even a small level of room heat can be saved—so small it would be unheeded by the human body—considerable fuel cost savings can be made. This is because the best of room thermostats can hold the air temperature very closely within the desired setting—and well within the so-called "comfort band" which each person has. This is a sort of "no-man's land" of around five or six degrees Fahrenheit between which the body has no sense of discomfort—neither too hot nor too cold. Since even one degree of unwanted heat can put 5 per cent. on to the fuel bill, it is easy to see why a good, sensitive heating controller can save.

Other major cost savings can come from putting controls on the washing water circuit. And also by tying all these control needs together so as to form an integrated control system which only permits things to happen—such as in an appliance to a fire—when it is strictly necessary. At all other times, the heating is kept off.

Though one cannot be specific about the actual cost savings through applying controls to a particular installation, reductions of up to 25 per cent. can be expected with a good comprehensive set of controls.

By itself time control can

achieve nothing towards comfort and only saves by the negative principle of switching a system on and off arbitrarily, irrespective of changes in the weather pattern, room occupancy, heating or hot water demand.

Obviously the two elements should come into a proper control set up—people usually prefer a lower temperature when they are asleep, or during the day if they have to leave the house for long periods. But a good attitude is to ensure that the control system is always on the alert for a heating demand,

whenever it may come—and not just when the programmer permits you to have it.

The greater use of electric clock thermostats—which combine both time and temperature elements in a single unit—seems a likely trend. Also foreseen is wider interest in control versatility by more zoning, and individual radiator control.

In this connection it seems faintly ironic that a great many smaller homes to-day have a quite sophisticated control system since the Gas Council's "Guaranteed Warmth" scheme,

and similar schemes sold by the individual Area Gas Boards, include three or four control devices as standard with their installation.

In contrast the earlier type of oil and gas fired installations—many of which are getting on for ten years old, are comparatively primitive as far as controls are concerned. Their owners would probably be pleasantly surprised at the improvements in comfort an economy a small investment in upgrading the control scheme would make.

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## HOME HEATING III

# Good insulation is the answer to many problems

By DOUGLAS MURRAY, Imperial Chemical Industries Ltd.

There are two ways of upgrading thermal insulation—by filling the cavity wall with a suitable insulating material, or by applying suitable insulating panels to the inner lining of the structure. Cavity-filling can be achieved with ureaformaldehyde foam and a range of rigid-faced polyurethane foam laminates can be used for the inner lining of walls, roofs, ceilings and floors.

Ureaformaldehyde foam is produced by bringing together ureaformaldehyde resin, an acid hardener and air, at equal pressures, in a foaming head. The foam is discharged into the wall cavity through small diameter drillings at approximately one-metre centres. The drillings are made through the outer leaf of existing buildings or the inner leaf of new structures. In the first case, the holes are drilled into the mortar bed; the drillings will barely touch the adjacent bricks, while making good to match the overall surface is simplified. On new buildings, the same technique can be employed, for example on a large estate, the foam can be installed through a discharge hose lowered from the top of the cavity before roofing.

The benefits of cavity wall insulation are most evident, to the home owner, in terms of economy and improved comfort. For every 100 square yards of wall insulated, the design output of the heating installation can be reduced by something like 7,000 Btu per hour—an annual fuel saving of 150 therms. A small semi-detached house has about 100 square yards of outside wall—about twice the area of the roof. The walls of a detached house are about three times the area of the roof. Roof insulation is generally accepted as essential; it is illogical and costly if the greater area of the walls should be allowed to pass heat to waste.

## Inner leaf

An estate of semi-detached houses can have cavity wall insulation, at the time of building, for as little as £40 a house. Since the improved level of thermal insulation is achieved irrespective of the structural materials used for the inner leaf, the builder can use a less costly inner leaf—such as common bricks or hollow clay blocks—and save some £20 a house. Since the heating system can be tailored to the improved thermal insulation, a further saving of the order of £10 can be effected here—thus the net cost of cavity wall insulation is something like £10 a house.

An owner-occupier having his house insulated would pay

between £90 and £120 with no offset in savings on building materials and size of heating system; but in savings on fuel he can realise some £15 to £20 a year. It is difficult to imagine any other investment of this order that brings so high—and tax-free—a return, and where the capital is recovered in five or six years or, with the rate of increase in fuel costs, even a shorter period.

## Fire risk

In the local authority housing field, sophisticated heating is now being included which tenants may find it beyond their means to operate; they therefore introduce alternative heating sources—say, paraffin stoves—which tend to increase condensation, damage decoration and increase fire risk. Good insulation at the time of building would add some 10 pence a week to the rent and reduce the fuel bill by about 80 pence a week, thus increasing the tenants' comfort and reducing the local authority's maintenance costs.

Ureaformaldehyde foam cavity wall insulation will lower the "U" value (insulation value) of a wall from the mandatory minimum .30 to .10. It is of course from this property that economy and comfort naturally derive; it is of interest that, in fact, this type of cavity wall insulation is often sought because of its beneficial effect on the problem of condensation.

In some houses—especially concrete homes, with no cavity—condensation may pose a severe problem. It is then necessary not only to have a low "U" value, but also to ensure that the thermal design of the whole external envelope is correct. Dense concrete has a very high thermal mass and warms up very slowly. Modern home central heating systems are usually intermittent, so when entire families are out all day and come back in the evening to turn the central heating full on, they are bound to create moisture that will condense on the cold concrete walls. By the time the concrete has warmed up, the central heating is off again and the whole cycle starts anew. The result has been misery for thousands of householders up and down the country: wet carpets, peeling blackened wallpaper and mouldy clothes. The sad thing is that this is not in century-old slums, but in modern flats, often the pride of their city, but built with inadequate thermal design.

To prevent this what is needed is an inner lining of low thermal mass that warms up quickly. This lining must in

turn be backed by an insulant so that it stays warm. Most important, the insulant must be protected by a vapour barrier to prevent water vapour penetrating it and condensing inside. It is also vital that this lining be continuous right round the inside of the building. The same problem will occur on the upstairs ceilings, or the walls, or the floors unless all are treated together.

A core of urethane foam is the best available insulant. For the walls, the urethane foam is laminated to plasterboard to provide a complete liner in one component, and a specially applied vapour barrier protects the insulant for life. The plasterboard lining quickly reaches the air temperature of the room when the central heating is turned on. A similar product with a plywood face is used for cold floors, and a ceiling board completes the wrapping-up of the inside of the house.

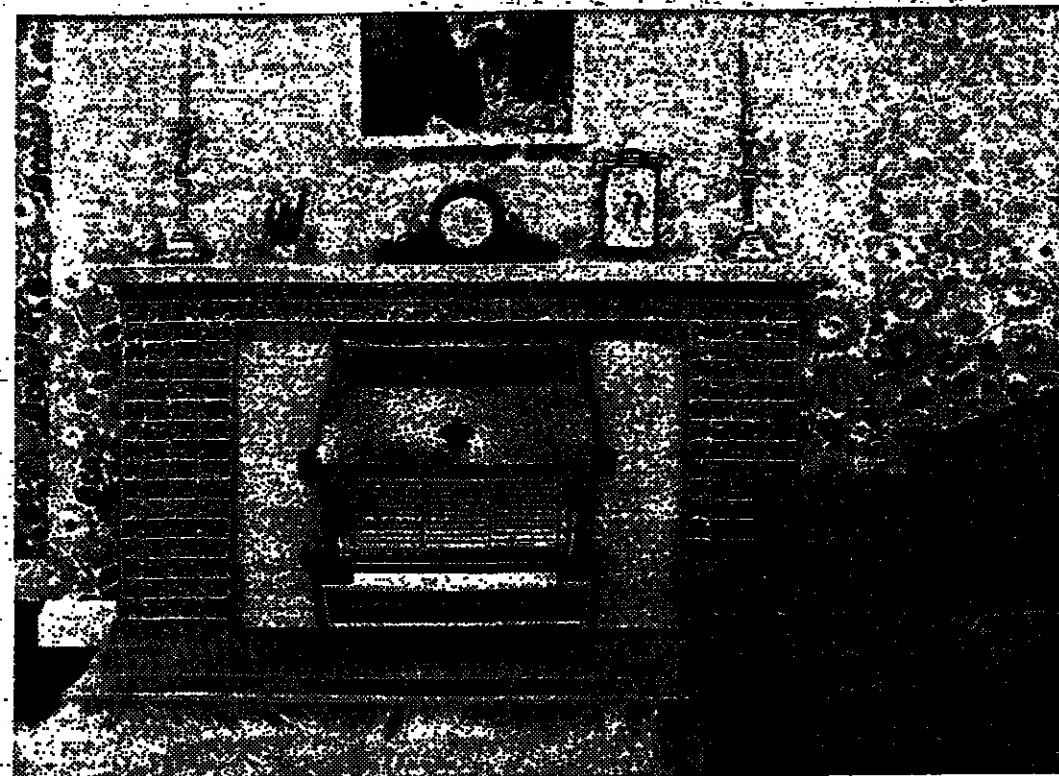
Provided that there is a reasonable input of heat and some ventilation there will be no more condensation. The lining system described may cost around £100 a flat, but in this sort of situation the argument for effective insulation is simple: without it the house cannot be a decent home to live in. And this form of insulation does not just cure condensation, it will save heat and money on the ever-rising cost of all fuels. It will also enable the family to feel comfortable at a lower temperature so that even less heat is needed.

## Saving in fuel

Good insulation also means that ventilation can be reduced without discomfort, so again there is a saving in fuel. The opposite is true: without insulation condensation can be avoided only by having so much ventilation that there is no difference between the inside and outside temperatures and all the heat is wasted. This system of lining the inside of the structure offers excellent thermal design aimed at curing condensation, improving comfort, and saving fuel.

The situation is obviously similar in a factory where the 1957 Thermal Insulation (Industrial Buildings) Act lays down a specific roof "U" value. When the manufacturing operation creates a high relative humidity the problem is very like that in a modern flat. Most factories, however, have thin sheeting rather than concrete walls and a special laminate has been designed for this market to provide a complete factory roof and/or wall, and the core is urethane foam, giving the best insulation.

Our picture, top right, shows a Windsor fire produced by Parkinson Cowan which aims to combine the benefits of modern gas heating with a traditional styling. Below left is a Honeywell electric clock thermostat. Below right is a new concept for an electric convector heater from Belling, which is both a standard lamp and a convector heater.



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## Need for better planning — (Cont'd.)

continued from previous page  
from the boiler to the radiators y piped hot water, in their need of response. This is important where the house may be occupied for part of the day and the returning family may not immediately heat.

Realising this drawback, the manufacturers of wet systems are redesigning the components involved to reduce the mass

of water that must be heated, speeded up boiler response, and promoted the circulation of warm air from the radiators (which are really mainly convectors) by such methods as installing fans or improving radiator profiles.

So the gap is gradually narrowing and at present the potential buyer is in the fortunate position of being able

to specify a wide range of systems all of very high performance and simplicity in use.

One other development which is of interest, though more to the local authority or property developer, than the individual householder, is district heating. This is based on the same assumption as central heating for an isolated house: that controlled use of one single fuel in a large-scale highly efficient installation can result in large savings in overall running costs. Several housing estates now use this system, and the results have fully borne out the optimism of the proponents of the method. It is encouraging that new houses are being built with a much higher standard of insulation than previously, and that more people are investing in insulation for their existing homes. If the trend continues we will in fact reach the ideal state when a heating system can be chosen on its merits rather than its running costs.

If this may seem an ideal state, one example should give encouragement. One gentleman in the Midlands, admittedly a professor of Building, built a house with a very high standard of insulation some years ago. Although it has a floor area of about 3,000 square feet, and has large expanses of glass, the maximum rated output of his sole heating source is only 3 kilowatts, about the same as an average domestic fan heater.

Such low running costs may not be to the liking of fuel suppliers, but it is the standard of insulation and heating that we should be aiming at during the next decade.

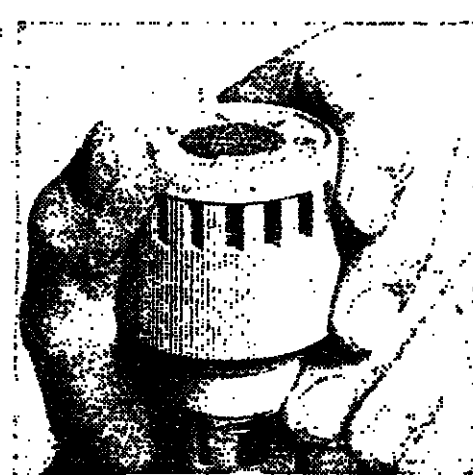
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## †† INSURANCE

For Notes, see Stock Exchange Dealings.

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**Lombard**  
**A lack of faith in market forces**

BY C. GORDON TETHER

ONE CAN hardly criticise the Confederation of British Industry for offering to launch an attack on the wages-price spiral at the prices of the business community stands to lose heavily from the perpetuation of the double figures inflation we are now afflicted with—especially as it is experiencing much greater difficulty in preventing the resulting rise in costs of production pushing up export prices than its overseas competitors.

What is much more difficult to rationalise is the enthusiasm the Government is showing for this do-it-yourself price freeze, as well as for exhortations to unions to moderate wage claims and to consumers to "shop around". For the Tories have always insisted that they were looking for the complete cure for inflation in the release of market forces. And it is hard to see how there can be any place in such a panacea for expedients of this kind.

**Big objection**

The big objection to the CBI's decision to take the initiative in slowing down the wages-price spiral is that, being a half-baked affair, it is liable to suffer the same fate as earlier British ventures of the same type and thereby further discredit—quite unjustifiably—this approach to the cost-push inflation problem. And it is a pity that, when he was preaching over the weekend that the CBI's operation "would end in ridicule and confusion in the same way as all previous incomes policy exercises in this country had done," Mr. Enoch Powell did not make the point that none of these operations could fairly be described as anything but a travesty of the real thing.

It would be unreasonable, however, to condemn the CBI for running this risk. After all, it is now evident that unless vigorous new initiatives are taken to break into the wages-price spiral, there is little hope of bringing the rate of inflation materially below the 10 per cent. level it has now reached before the mid-1970's at the earliest. And with the Government insisting that the economy must be kept on a pretty tight rein until the inflation problem has been reduced to much less terrifying proportions, this means that industry will be facing an extremely thin time—put it mildly.

**The gospel**

In short, there is no difficulty in justifying the CBI's approach. But the same can hardly be said of the way in which the Government is going on. From the start it has insisted that Tory philosophy could have no truck with prices and incomes controls not only because it contended that they had worked badly in the past but also because it was putting its faith in a remedy that could be counted upon to be far more effective—a policy of releasing market forces so that they could establish appropriate disciplines over both wages and prices.

It is hard to see why, if official interference with the determination of prices would be irreconcilable with this gospel, a private enterprise one of the kind the CBI is trying to put into effect can fit in with it. It is not only that such measures should be unnecessary if market forces are really doing their job in the way the Government claimed they would do. It is also that intervention of this kind will presumably tend to defeat their purpose—for example, by preventing variations in supply-demand relationships finding due expression in the behaviour of prices. Nevertheless, the Government has warmly welcomed the CBI's voluntary price freeze and even made adjustments in regulations to enable it to be accommodated within the law. And this is far from being the only way in which it is manifesting in word and deed a marked lack of confidence in its own panacea.

Thus if the market forces were doing their stuff, there should be no need for Whitehall to be pressuring the unions through exhortation to go slow on wage claims to the extent it is. They should be setting the limits for increases in this field without any assistance of this kind.

Nor should there be any call for Treasury exhortations to traders to lose no time in passing on reductions in purchase tax and to consumers to shop around of the kind that recently annoyed retail trade and the Consumers Association. The matter is one of more than academic interest. For if the Government is discovering—as it would seem that it is—that the release of market forces cannot do an adequate disinflationary job on its own, it is high time that it acknowledged this and took appropriate steps to elaborate the attack in proper fashion.

**THE LEX COLUMN**

**Contrasts within BAT's dull year**

BAT's recent popularity with the analysts contrasts, predictably, with the latest progress report—attributable profits £2.82m. higher at £36.31m. and confirmation that the year as a whole will not show much change on 1969-70. All the growth to date has come, again, from tobacco where pre-interest profits are 17 per cent. higher on a 2.8 per cent. cigarette volume gain: within that, the U.S. is well up on rather better volume and last June's price increases, and Europe is still moving ahead. But pressure on Latin American market share is evident in a static sales performance there, while Pakistan's troubles are knocking a fifth off its sales. There is nothing extra from cosmetics, and Wiggins Teape's first half-year contribution is just £1.87m. before £1.24m. interest charges and financing costs running at an annual rate of nearly 8.6m.

For all their strength last month, the shares have underperformed the market since the original forecast of flat earnings this year. That should limit the vulnerability in a fully diluted prospective p/e of perhaps 11.4 at 37.1p. Yet it is hard to see how these figures advance the brokers' re-rating arguments: the financing and initial impact of the mooted U.S. bid remain an open question and further anti-smoking reports seem probable in the U.S. within the next few months.

**Property premiums**

A 1971 high of 323p when set against a net asset value of 222p need be no anomaly when the relevant asset valuation was one by Hillier Parker in March,

1968—and also given a high central London content, as is the case with Great Portland Estates. However, the rating will have to continue to be sustained by outside estimates, for the annual report contains no revaluation. One leading property specialist broker puts a figure of about 300p on the group's net asset value. Since premiums on established asset values tend to be the order of the day now, Great Portland need not be out of line despite its relatively small development programme and modest 37 per cent gearing.

The same broker's net asset value tag for Central and District which fell 5p yesterday to 170p on a dullish 6 per cent. gain in reported earnings, is 150p. Since this compares with a published value of 102.1p on March, 1969, valuation and already takes in much of the newly completed development programme, the case for thinking the shares overvalued is stronger here. But the irony is that the commoner the incidence of premiums on asset values the

less the incentive for the groups to revalue for shareholders' benefit. By contrast, the incentive to give details of sale and leaseback arrangements and details of development programmes is fortunately the greater: that the former was not made statutory in 1967 was an oversight.

**Lunt Comley**

Lunt, Comley's 1970-71 rise in pre-tax profits from £1.5m. to £1.67m. takes in first and second half rises of 20 and 61 per cent. respectively but it was probably bull account closing that left the shares 4p lower yesterday at 97p. The shares were at their 1971 peak on Monday, and the pre-tax growth slowdown is at least partly accounted for by expenditure on the Pennett trading estate and other property developments; the corollary to this is extra allowances on industrial buildings (last year and this) and a 34 per cent. tax charge which leaves earnings up from 5.8p to 7.1p a share.

Next we have the proposed transfer of the film, debenture

stock, basically from a floating charge to a mortgage on Pennett. This, presumably, opens the way to the sale of non-Pennett properties, adding a speculative note to the profits growth that the industrial divisions have seen so far this year. That is one point which adds interest to the p/e of 12.3. The second is that the transfer will involve a debenture stock quote for Comley and Pitt which owns Pennett, stressing the hybrid quality of a group which has around two-thirds of its capital employed in property but only got 24 per cent. of its profits, before interest, from that source last year.

**British Sugar**

Although British Sugar was obviously on to a good thing with its new incentive agreement with the Government (the shares rose from 130p when it was spelt out last March to 187p ahead of the figures), the market was not thinking in terms of a forecast of £6.5m. pre-tax for 1971-72 against £2.6m. last year; and the shares rocketed

away last night, gaining 78p to 265p before closing at 255p. However, the forecast also includes some organic growth, being directly comparable to £5.2m. of hypothetical 1969-70 profits under the new agreement. That was to be expected as well, with both crop volume and yield last year below par. In the event, the 1970-71 beet crop is up about 61 per cent. to 6.3m. tons and the sugar content per ton by about 41 per cent.

As in the past, future growth from the new profits plateau will entirely depend on the vagaries of crop size, yield and sugar content as well as group efficiency. So although British Sugar is spending some £30m. over five years to modernise plant and improve efficiency, it is not entirely surprising that on forecast earnings of 39p a share, the shares are only on a 61 p/e. Projecting an annual dividend of as much as 11p a share on the interim rise, the estimated yield of 4.3 per cent. is too slim to have many adherents in the context of Corporation tax reform.

See also Page 16

**RB-211: statement by Minister to-day**

BY JOHN BOURNE, LOBBY EDITOR

THE CABINET decided yesterday to give the go-ahead to the RB-211 engine programme once the contract between Lockheed and Rolls-Royce (1971) has been signed. Ministers expect this to happen during the next few days, after Lockheed has cleared the last of its hurdles—confirming the orders from its airline customers for the TriStar.

This week the Government will have talks with Rolls-Royce directors and Mr. Rupert Nicholson, the receiver, to make arrangements for continuing State funds to keep the work on the engine going until the first payments are made by Lockheed. Since February the Government has paid out £50m. to cover the running costs of the engine programme but these arrangements are due to expire on Sunday and will have to be renewed.

The Government expects to receive a message from the U.S. Administration shortly—probably this morning—confirming that President Nixon will use his new powers to provide Lockheed

with a \$250m. loan guarantee, which the Senate gave him by a majority of only one vote on Monday.

This afternoon Mr. Fred Corfield, Minister for Aerospace, will make a statement to the Commons and answer MPs' questions.

The Government is delighted that its strategy for keeping the RB-211 alive has succeeded, even though the new contract with Lockheed plus further State aid will do no more than enable Rolls-Royce (1971) to break even on the engine. The important thing for Ministers is that the TriStar now seems to have been saved, and the jobs of many thousands of Lockheed and Rolls-Royce workers secured. If the RB-211 had died, it was estimated that up to 40,000 British workers would have lost their jobs—21,000 at Rolls-Royce and 19,000 at the companies' suppliers.

In addition to the funds to keep the engine project going, which will eventually be paid back by Rolls-Royce (1971)—the

Government has undertaken to inject about £100m. for further development work on the RB-211 and to meet the £30m. net loss on production of the first 555 engines. The £30m. takes account of the higher price per engine Lockheed has agreed to pay.

**Shares improve**

The quoted Rolls-Royce Unsecured Loan stock got a boost on the Stock Exchange yesterday as a result of the Senate vote, as did the Ordinary shares in companies whose fortunes are most closely linked with the RB-211 project.

The Rolls-Royce 7½ per cent. Unsecured Loan rose nine points to 97, having touched 59 at one stage. Of the other companies, Daniel Doncaster registered the biggest percentage gain with a rise of 11½ to 52½. Joseph Lucas showed the biggest overall jump, with a 15p increase to 27½. Dowry Group was 5p better at 119p, and Smith Industries also showed a small improvement.

**MP steps into Truman battle**

By Kenneth Gooding

MR. PETER SHORE, Labour MP for Steppes, has stepped into the big battle surrounding Truman Hanbury Buxton which has its brewery in his constituency.

Worried in spite of assurances by Watney Mann that redundancies will be kept to a maximum of 250 over six years, Mr. Shore has taken up the problem with both Watney and rival bidders Grand Metropolitan Hotels.

Mr. Shore has also contacted Mr. John Davies, Secretary of Trade for Industry, whose department must decide whether or not to refer the proposed Watney-Truman merger to the Monopolies Commission.

Watney has already made plans to close its brewery at Mile End and has pointed out there will be more jobs for brewery workers in the East End of London after 1977 if its bid goes through than if it does not.

Watney's finance director, Mr. A. T. R. Nicholson, said last night the group had always made it a practice to contact the Member of Parliament in any area for which there were rationalisation plans. This allowed a free exchange of views on how the changes could be carried out to cause as little disruption as possible among the employees involved.

Meanwhile, 1,000 of the Truman staff and manual workers staged a two-hour strike yesterday in support of the Grand Met bid which they maintain will lead to fewer redundancies than that of Watney.

Mr. George Desmond, branch secretary of the Transport and General Workers' Union, described the move as a warning to shareholders that they are dealing with people, not profits.

**MPs surprised at 'don't back EEC terms' call**

BY JOHN BOURNE, LOBBY EDITOR

THE STRATEGY of Labour anti-Marketisers—to try to muzzle their opponents during the remaining months of the "great debate" has had a greater success than many of them expected. Last night at Westminster anti-Market MP's were surprised, although delighted, at the news that the Labour Committee for Europe has warned pro-Marketisers outside Parliament to stop making speeches supporting the terms for British entry into the EEC.

The presidents of the Committee are Lord George-Brown, Mr. Roy Jenkins and Mr. Michael Stewart.

In a letter to members of the Committee, Mr. Bruce Reed, the organising secretary, says that, following last week's decision by the Labour Party's National Executive to oppose the terms, "only MPs, who constitutionally represent all the people in their constituencies, now have the freedom to make pro-Market speeches in public."

**Possible risk**

"Every Labour Party member who attacks official Party policy in public will be running the risks of proscription and of justifying the anti-Marketisers' claim that we are publicly splitting the Labour Party."

"This means that, until the National Executive's attitude is reversed, you will not be able to support publicly the existence of the terms negotiated by Rippon."

A speech in favour of the principle of entry, however, may still be acceptable, but will present difficulties depending upon whom you might be speaking with, and where questions could be put which could lead to you replying in a way that attacked official Party policy.

"Even where known Parliamentary members of the Committee continue to speak in favour of the principle of Britain's entry into the Community, you must avoid all references to anti-Marketisers personally, and avoid speaking on a platform with an anti-Marketiser."

**"Avoid split"**

"I hope you will not feel that you have to restrict all your activities at this time, but it is essential that we do not lay ourselves open to the charge of politically splitting the Party."

Mr. Reed's letter confirms what Mr. Jenkins, and other leading Labour Europeans, had feared—that the National Executive's decision will hamper their cause during the coming months.

However, a Labour Party spokesman said last night: "The Labour Committee for Europe's interpretation totally misrepresents the position, which was clearly stated at meetings of both the National Executive and the Parliamentary Labour Party. Party members are of course free—certainly until the annual conference—to express the views which they honestly hold on the entry terms. They have only been asked not to make personal attacks or debate with their party comrades in TV confrontations."

**BEA still keeps its options open on TriStar**

BY RAY DAFTER

BRITISH European Airways said yesterday it was continuing to keep its options open regarding future requirements for wide-bodied aircraft, irrespective of the assured future of Lockheed and the TriStar.

At the Department of Trade and Industry a spokesman reiterated that the Government was applying no pressure on BEA to buy the TriStar. It was leaving the airline to decide its own requirements on economic grounds.

BEA is still evaluating the three possible candidates: the TriStar, its main contender, the European A-300B airbus, and the DC-10. An airline spokesman said it was intended to defer a decision as long as possible in order to gather the maximum amount of information about the service performance of the aircraft.

**Plans to buy 17**

It was possible, he said, that a decision would not be made until spring next year. The first aircraft would be needed for pilot and crew training by late 1973, in time for the initial aircraft to be introduced into service in 1974, quite likely on April 1, when the summer schedule starts.

BEA plans to buy 17 wide-bodied aircraft, taking possession over a period of some 18 months, as well as taking options on a further 17 aircraft—orders worth about £200m. including spares.



Mr. Henry Marking, chairman of BEA.

It is expected that the aircraft will be used on high density routes, such as London-Paris, London-Brussels and London-Amsterdam. However, growth of traffic over the next few years may well warrant the use of aircraft on longer routes to Italy, Spain and Eastern Europe.

Mr. J. R. Batt, managing director of Air Holdings (Sales), which ordered 50 TriStars, commented: "We are very pleased with the Senate's decision. It seems to be the first step to getting back on the rails."

Air Holdings has so far sold 10 TriStars to Air Canada and one to Air Jamaica. In addition, Air Canada has a "second buy" option for nine more and Air Jamaica for one more. Lockheed reports that 178 TriStars have been sold or reserved on "second buy" options.

Another possible customer for the aircraft is Court Line Aviation, the inclusive tour airline which is looking at several types of aeroplanes to meet its future requirements. It has an initial requirement for two wide-bodied aircraft for delivery in 1973, with a possible option on three more.

In Derby, the heart of Rolls-Royce production work on the RB-211 engines for the TriStar, there was an air of elation over the Senate's decision. Mr. Charles Hunt, works convenor, commented: "Most of our people are waiting for major policy instructions from the Board so that we can go full steam ahead. There is a tremendous willingness by people to help."

He added: "We now have a lot of taxpayers' money invested in us and we must demonstrate that we deserve the help by working all out." The crisis had led to improved relations between shop floor workers and management. There was also increased mobility of labour with employees accepting other people's jobs "something that in the past might not have been acceptable."

**Tyne dispute: Swan Hunter calls talks**

FINANCIAL TIMES REPORTER

AN early end to the strike of 2,800 ancillary workers which on Monday closed the five Tyne yards of Swan Hunter Shipbuilders, putting another 7,700 men out of work, could be brought about by a meeting which was arranged to take place in Edinburgh late last night.

Swan Hunter approached the General and Municipal Workers' Union on Monday seeking a meeting and has since kept a veil of secrecy surrounding it.

Mr. Tom McIver, deputy chairman of the consortium, was to lead the Swan Hunter team and the union was to be represented by Mr. Ken Baker, G.M.W.U. national industrial officer, and Mr. William Porter, the union's district organiser on the Tyne.

If the present deadlock is to be broken and the strike quickly ended Swan Hunter will probably have to improve its offer of

£20.17 a week for the top ancillary grades. The men want £21.40, the same as already awarded to their opposite numbers in Tyne ship repair yards and without Swan Hunter improving its offer to this level a settlement seems unlikely.

The ancillary workers are solidly organised and it will be difficult for the union to get them back to work unless it can win considerable improvements on the offer so far made.

It was all quiet yesterday on the strike front on the Tyne with the yards closed. The men's strike committee met briefly at Wallsend.

A meeting of the strikers' shop stewards had already been arranged for this morning before last night's talks at Edinburgh had been revealed. Mr. Porter will now be able to report to them on the progress or otherwise of the discussions.

**Further improvement in contractors' orders**

BY MICHAEL CASSELL

BUILDING contractors' order books at the beginning of July continued to reflect the improvement recorded three months earlier, despite further cost and price increases, according to the latest state-of-trade inquiry by the National Federation of Building Trades Employers.

The latest figures indicate that the improvement is becoming more protracted.

Of the 580 member companies analysed in the latest quarterly review, 40 per cent. told the Federation that they had more inquiries for work than in April. 37 per cent. said they had more work in hand and 33 per cent. reported that they had more work ready to start.

Looking ahead, the survey suggests that more member companies now expect the volume of work undertaken by them in 1971 to be higher than last year. While 41 per cent. think this will be the case, there is still a substantial number, 25 per cent., expecting to do less. Another 33 per cent. see little prospect of any change in the situation.

A Federation spokesman commented that once again, companies in the category employing 500 or more operatives—accounting for about one-third of the industry's total output—are the most optimistic, although there are signs that the work load is now evenly spread throughout the industry.

Continued from Page 1

**Davies in UCS talks**

near future," said Mr. John Reidford, secretary of Glasgow Trades Council.

Apparently, most of the contributions from the floor traversed old ground in that demands for the retention of UCS in its present form and new measures to alleviate unemployment were voiced by speaker after speaker. Several of them had, of course, been members of deputations seeing the self-same Ministers in the past few months.

One novel suggestion did emerge. A Glasgow Chamber of Commerce representative thought that the doomed Scots-

toun and Clydebank yards might be taken into Government ownership for, say, a period of five years during which it could either prove itself or at least allow the thousands employed there to be placed elsewhere or retained. Mr. Davies undertook to consider the suggestion along with others.

To-day the Ronald Lyon Group, which has converted four former Clyde shipyards into industrial estates, offered to lease factories to companies willing to employ redundant shipyard workers for six months rent free.

A representative of Mr. A. D. Kelly, former owner of Ardrossan dockyard, who is interested in

acquiring the Clydebank yard, had a long meeting with the liquidator, Mr. Robert C. Smith, this afternoon.

He said afterwards that he would approach the shop stewards with a view to meeting Mr. Kelly on Thursday. "Unless we get their support, there is no point in negotiating any further," said the representative, a Glasgow accountant.

Mr. Kelly is understood to have tied his offer to a consideration by the Government no worse than that to be enjoyed by the new company based on the Cowan-Linthouse complex. "The preliminary indications are that the situation is not unfavourable," said the spokesman.

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**Weather**

U.K. TO-DAY

A complex area of low pressure covers the country. Much of England and Wales will be bright with some sun, but cloudy weather with rain is expected to spread N.E. to except Northern counties tonight. Scotland will have mostly dull, wet day although bristly weather will spread in Southern parts. Temperatures will be near seasonal normal.

Sunny spells becoming clouds rain later. Wind southerly to 21C (70F).

Cent. S. Eng., W. Mid., Cham. S.W., S. Wales. Bright at first, rain from W. Bright again later. Max. 1 (66F).

N. Wales, N.W. Eng. Sunny spells, perhaps a h shower with some sun in evening. Max. 19C (66F).

Lakes, I. of Man, N.E. Eng. Cloudy early, becoming brighter. Max. 19C (66F).

Borders, E. and S.W. Scot. Dull and wet, perhaps thundr storms, becoming brighter. Max. 18C (64F).

Edinburgh, Dundee Dull, wet, perhaps bright later. Max. 15C (59F).

Cent. Highlands, N.W. Scot. Dull, periods of rain, occasional thunder. Max. 16C (61F).

Cathness, Orkney, Shetland: Dull, rain at times. Coast fr. Max. 12C (54F).

I. Ireland Sunny intervals, scattered showers. Max. 19C (66F). Outlook: Changeable.

**BUSINESS CENTRES**

City	Y'day	Mid-day	Y'day	Mid-day
Amsterdam	R 22	167	Madrid	S 16
Bahraia	R 29	167	Manila	R 13
Bombay	R 29	167	Mexico	R 13
Buenos Aires	R 29	167	Nairobi	R 13
Calcutta	R 29	167	Paris	R 13
Canton	R 29	167	Rome	R 13
Cebu	R 29	167	Stockholm	R 13
Colon	R 29	167	Tokyo	R 13
Hankow	R 29	167	Yokohama	R 13
Harbin	R 29	167		
Hong Kong	R 29	167		
Kobe	R 29	167		
London	R 29	167		
Lyons	R 29	167		
Manila	R 29	167		
Medan	R 29	167		
Shanghai	R 29	167		
Singapore	R 29	167		
Sourabaya	R 29	167		
Tientsin	R 29	167		
Yokohama	R 29	167		

**HOLIDAY RESORTS**

City	Y'day	Mid-day	Y'day	Mid-day
Alicante	R 29	167	Isle of Man	R 13
Almeria	R 29	167	Jersey	R 13
Antalya	R 29	167	Las Palmas	R 13
Athens	R 29	167	Lecce	R 13
Barcelona	R 29	167	Luxor	R 13
Batumi	R 29	167	Malaga	R 13
Bombay	R 29	167	Malta	R 13
Bordeaux	R 29	167	Malta	R 13
Buenos Aires	R 29	167	Monte Carlo	R 13
Cairo	R 29	167	Naples	R 13
Cardiff	R 29	167	Nice	R 13
Cebu	R 29	167	Nicosia	R 13
Dublin	R 29	167	Porto	R 13
Edinburgh	R 29	167	Rome	R 13
Florence	R 29	167	Roskilde	R 13
Geneva	R 29	167	Saint Martin	R 13
Hamburg	R 29	167	San Marino	R 13
Helsinki	R 29	167	San Marino	R 13
London	R 29	167	Toronto	R 13
Lyons	R 29	167	Toronto	R 13
Manila	R 29	167	Toronto	R 13
Medan	R 29	167	Toronto	R 13
Shanghai	R 29	167	Toronto	R 13
Singapore	R 29	167	Toronto	R 13
Sourabaya	R 29	167	Toronto	R 13
Tientsin	R 29	167	Toronto	R 13
Yokohama	R 29	167	Toronto	R 13



Prestige Dimension Frame, Queen's Road, Weybridge, Architects: Broadway and May Weybridge. Developers: Langcoo Limited, Weybridge.

P.D.2 frame for prestige offices  
17,352 sq. ft. costing £2.05 per sq. ft.  
and erected in thirty-six working days.

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